State Mineral and Energy Board

Policy Resolutions

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Board Meetings

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Chustz, seconded by Mr. Kline, the following resolution was offered and unanimously adopted:

WHEREAS, the Louisiana State Mineral and Energy Board, created and established by Act No. 93 of the 1936 Regular Legislative Session, R S. 30:121, et seq., meets at the Call of the Governor pursuant to the provisions of R.S. 30:123; and

WHEREAS, the customary meeting schedule for the State Mineral Board is impracticable at times, due to holidays, special events, and/or special circumstances; and

WHEREAS, by Executive Order, BJ-2008-31 (Call of Meetings of the State Mineral Board), **Bobby Jindal,** Governor of the State of Louisiana, by virtue of the authority vested in him by the Constitution and laws of the State of Louisiana, did order and direct as follows:

SECTION 1: The regular scheduled meetings of the State Mineral Board (hereafter "Board") shall be held on the second Wednesday of each month for the granting of oil, gas, and mineral leases, and such other business as may properly come before the Board.

SECTION 2: Upon obtaining the approval of the Board, the chair of the Board is authorized to issue for the Governor the call of a meeting of the Board scheduled for a date other than the second Wednesday of a month, when a meeting on the second Wednesday is impracticable because a holiday or other special event falls on that date.

SECTION 3: Upon obtaining the approval of the Board, the Chair of the Board is authorized to issue for the Governor the call of a meeting of the Board that is in addition to the Board's monthly meeting, when special circumstances necessitate that an additional meeting be held.

SECTION 4: All departments, commissions, boards, offices, entities, agencies, and officers of the State of Louisiana, or any political subdivision thereof, are authorized and directed to cooperate with the Board in implementing the provisions of this Order.

SECTION 5: This Order is effective upon signature and shall continue in effect until amended, modified, terminated, or rescinded by the Governor, or terminated by operation of law; and

WHEREAS, it is necessary and practical for the Chair of the Board to be authorized to issue for the Governor the call of a meeting of the Board when those special or impractical circumstances contemplated in Executive Order No. BJ-2008-31 arise and when the Board does not have the opportunity to meet and approve of such authorization;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, THEREFORE, BE IT RESOLVED, that the Louisiana State Mineral and Energy Board, adopts this Resolution approving that the Chair of the Board has authority to issue for the Governor the call of a meeting of the Board when those special or impractical circumstances contemplated in Executive Order No. BJ-2008-31 arise and when the Board does not have the opportunity to meet and approve of such authorization.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 26th day of February, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaught

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

ON MOTION OF Mr. Arnold, duly seconded by Mr. Sanders, the following resolution was adopted by the Louisiana State Mineral and Energy Board, with Robert Harper abstaining, to-wit:

WHEREAS, pursuant to Louisiana Revised Statutes 30:135, the Office of Mineral Resources has the duty to provide the necessary staff functions to assist the Louisiana State Mineral and Energy Board in its leasing, supervisory, and other activities, and the Assistant Secretary of the Office of Mineral Resources is also designated as the Secretary of the State Mineral and Energy Board; and

WHEREAS, pursuant to Louisiana Revised Statutes 36:357(C), the Assistant Secretary of the Office of Mineral Resources is instructed to appoint and assign such personnel as is necessary for the efficient administration of the office and its programs and the performance of its powers, duties, functions, and responsibilities; and

WHEREAS, at present the Office of Mineral Resources has no appointed Assistant Secretary; and

WHEREAS, pursuant to Louisiana Revised Statutes 36:353, the Secretary of the Department of Natural Resources shall be an ex officio member of the State Mineral and Energy Board; and

WHEREAS, the Louisiana State Mineral and Energy Board appointed the Secretary of the Department of Natural Resources, Scott Angelle, as its Chairman at its regular Mineral and Energy Board meeting on December 8, 2010; and

WHEREAS, the Chairman of the Louisiana State Mineral and Energy Board has the authority to sign any and all documents necessary to carry out the will and purpose of the Board; and

WHEREAS, pursuant to Louisiana Revised Statutes 30:121(C), the deputy secretary or undersecretary of the Department of Natural Resources may serve as a proxy member of the board in the absence of the secretary with full authority to act for the secretary as a member of the board; and

WHEREAS, the Secretary of the Department of Natural Resources, Scott Angelle, has designated and assigned the Under Secretary, Robert D. Harper, to act in his place and stead as an ex officio member of the Louisiana State Mineral and Energy Board when his other duties prevent him from attending the monthly Mineral and Energy Board meeting; and

WHEREAS, the efficient administration of the Office of Mineral Resources, and particularly the duties with respect to the signing of documents on behalf of the State Mineral and Energy Board, would be best served by authorizing the Chairman to delegate supplemental authority to an executive officer to sign documents on behalf of the said Board; and

WHEREAS, Victor Marx Vaughn, Geologist Administrator, has a long and distinguished record of outstanding service to the Office of Mineral Resources and the Louisiana State Mineral and Energy Board; and

NOW, THEREFORE, BE IT RESOLVED, that the Louisiana State Mineral and Energy Board does hereby designate and name Victor Marx Vaughn to serve as an executive officer to the Board and, further, does hereby authorize Acting Chairman, Robert D. Harper, as the proxy of Chairman, Scott Angelle, and Victor Marx Vaughn, as executive officer to the Board, to sign any documents necessary to effectuate the will and purpose of the Louisiana State Mineral and Energy Board, including, but not limited to, resolutions, mineral leases, policy statements, and certifications of copied documents.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of April, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Louisiana State Mineral and Energy Board and is now in full force and effect.

State Mineral and Energy Board

R E S O L U T I O N

Upon motion of Mr. Jarrell, seconded by Mr. Cherrouse, the Board unanimously adopted the following resolution:

WHEREAS, it is necessary from time to time that the Board and the Committees of the Board convene in Executive Session for the purpose of discussing and deliberating upon matters of a confidential nature; and

WHEREAS, it is the policy of the Board that such sessions be held only when necessary and of short duration; and

WHEREAS, the confidential nature of those discussions should and must be maintained;

NOW, THEREFORE, BE IT RESOLVED, that the policy of this Board must be that all members of the Board, staff members of the Board and those assigned to the Board in various capacities are required to maintain and preserve the confidential nature of the discussions and information limited solely to the Executive Sessions of the Board and Committees of the Board.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 20th day of August, 1964, pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

Upon motion of Mr. Berrigan, seconded by Mr. Jones, the Board unanimously voted to adopt and ratify the policy and procedure guidelines established by the various Boards in the past until such time it is deemed necessary to amend and/or abolish said policies.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 14th day of June, 1972, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

RESOLUTION

Upon motion of Mr. Jones, seconded by Mr. Jarrell, the Board unanimously adopted the following resolution:

WHEREAS, the present policy of the Board allows for a deadline in submitting material to the staff of the Board for examination, study and recommendations, of fifteen days prior to a regularly scheduled meeting; and

WHEREAS, difficulties have been experienced through holidays, weekends, delivery from postal service and the like, preventing in some instances as careful a study as deemed necessary and advisable by the staff to allow for a proper, subsequent recommendation to the Docket Committee of the Board; and

WHEREAS, the variety of docket matters to be considered by the Board are complex, requiring intensive and often extensive study, and

WHEREAS, it was originally provided that all matters that did not clear the office of the State Mineral Board the full fifteen days prior to the Board meeting be placed on an addendum; and

WHEREAS, the Docket Committee of the Board was authorized and directed by such previous policy to determine whether or not in such cases, a real emergency existed, requiring Board action in lieu of preliminary and/or necessary extended studies; and

WHEREAS, the practice of determining whether or not a real emergency exists has been for all practical purposes dispensed with and the material accepted as of the date mailed or postmarked rather than the date of receipt of same in the Office of the Board as originally intended.

NOW THEREFORE BE IT RESOLVED, that the policy of the Mineral Board be clarified and reinstituted with respect to docket material, as follows:

1) Each matter, including assignments, amendments, mortgages et cetra, must clear this office at least fifteen days prior to the Docket Committee meeting.

2) Unit agreements, agency leases, et cetra, in addition to the requirement that such matters aforesaid clear this office at least fifteen days prior to the Docket Committee meeting of the Board, shall comply with *guidelines for submittal of required information or explanation to the staff by the applicant.

3) That the staff will place all other matters on an addendum docket. All applicants must make appearance through proper representatives, or by letter if such will suffice. All applicants will be entitled to appear and justify the existence of a real emergency. The absence of such emergency, in the opinion of the Board and/or Committee, will automatically defer such matter to the next scheduled Board meeting.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 11 day of August, 1971, pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

* See following two pages

RESOLUTION

Upon motion of Mrs. Abell, seconded by Mr. Moore, the Board unanimously adopted the following recommendation:

WHEREAS, the State Mineral Board, since its inception has administered all state leases and i tion thereto has performed such duties and responsibilities as are applicable involving as cies of the State of Louisiana, and

WHEREAS, the Mineral Board in order to more properly and expeditiously consider and act upon the many matters including but not limited to agency leases, assignments, amendments, unitization agreements, and other matters connected with the administration of leases in the pub domain and belonging to agencies of the State has heretofore compiled and distributed to the membership and to interested industry representatives and others, a regular docket, and

WHEREAS, it became apparent that a time interval was necessary from the submission of the material by the respective companies and/or agencies until the time that the Board was sched uled to meet and pass with finality upon same to allow for study by staff and committees of the Board and subsequent recommendations to the Board and Board Committees in connection wit said studies, and

WHEREAS, it has been established policy on the part of the Board that all matters be conside by the Board at a regularly scheduled meeting must clear the Mineral Board Office at least fifteen (15) days prior to the regularly scheduled meeting in order to accomplish the object aforesaid, and

WHEREAS, said policy has since been amended to require that all matters to be advertised by the Board prior to any regularly scheduled meeting must be submitted at least twenty (20) da ior to the aforesaid meeting to afford the Board the necessary time with the obligations o e constitution in this regard, and

WHEREAS, because of the increased volume of matters submitted, it has become apparent that a ter time interval is necessary from the submission of the material by the respective anies and/or agencies until the time that the Board is scheduled to meet and pass with finality upon same to allow for study by staff and committees of the Board and subsequent recommendations to the Board and Board Committees in connection with said studies, and

NOW THEREFORE BE IT RESOLVED that the policy of this Board is now amended to hereafter requi that all matters be considered by the Board prior to any regularly scheduled meeting must be submitted on or before the second Wednesday of the month preceeding the regularly scheduled meeting.

BE IT FURTHER RESOLVED that the Secretary be and he is hereby authorized and directed to circulate this Resolution on the Regular Mailing List to all companies and/or individuals doing business with the State Mineral Board.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meetin of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 9th day of Decem 1981, pursuant to due notice, at which meeting a quorum was present and that said Resolution is d entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

RESOLUTION

Upon motion of Mr. Jarrell, seconded by Mr. Sherrouse, the Board unanimously adopted the following resolution:

WHEREAS, the State Mineral Board is called upon to deliberate, discuss and act on many matters involving administrative policies as well as technical phases of such matters; and

WHEREAS, it is the desire of this Board as a public agency to make known to the interested public all actions of this nature; and

WHEREAS, it is necessary to preserve and maintain orderly releases through the news media, including newspapers, radio and television; and

WHEREAS, it is imperative that the public be properly informed of the Board's deliberation, actions and reasons therefor;

NOW, THEREFORE, BE IT RESOLVED, that it is the policy of this Board that all releases of this nature be made by the Chairman of the State Mineral Board.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 20th day of August, 1964, pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Smith, seconded by Mr. Segura, the following resolution was offered and unanimously adopted the following resolution:

WHEREAS, the agenda of the monthly Mineral and Energy Board Meeting and Lease Sale is followed utilizing the most advantageous time schedule to accomplish its purpose, and

WHEREAS, members of the public attending these meetings have the right to be recognized and heard as commenting on agenda items, and

WHEREAS, because an unlimited exercise of public comment could disrupt the public meeting for which it is requested, a circumscribed time frame for individual, as well as total, public comment by the respective Chairs would be appropriate to maintain an orderly and timely agenda, and

WHEREAS, a Mineral Board policy specifically delineating the time allowed each individual for public comment on a particular agenda item, as well as total time allowed on each agenda item for all public comment, would accomplish that purpose and facilitate maintaining the schedule set forth in the agenda for each Mineral and Energy Board Meeting and Lease Sale.

NOW THEREFORE, BE IT RESOLVED, that the Louisiana Mineral and Energy Board does hereby unanimously adopt the following policy statement, to wit:

"Pertaining to each agenda item, whether committee or full Mineral and Energy Board, for which public comment is requested by the Chair, or authorized substitute, (for the Mineral and Energy Board) or Committee Chair, or authorized substitute, (for each committee), the general policy of the Mineral and Energy Board shall be to allow each individual desiring to make public comment relevant to that agenda item a total five (5) minutes comment time. The Chair, or Committee Chair, shall have the sole discretion to grant a public comment speaker's request to loan, cede, defer, or yield his allotted time to another public comment speaker who has not yet addressed the Board or Committee. A public comment speaker desiring to speak on one or more agenda items shall be limited to no more than ten (10) minutes total speaking time per Mineral and Energy Board Meeting. The Chair, or Committee Chair, may, subject to approval by a majority of the Board, or Committee, grant or deny speakers additional time to comment over and above the allotted time set forth herein. However, under no circumstances, whether additional time is granted by the Chair, or Committee Chair; or public comment speakers' allotted times are loaned, ceded, deferred or yielded and combined with other public comment speakers' allotted times; or public comment speakers' allotted times are combined on more than one agenda item, the TOTAL ALLOTTED TIME FOR ALL PUBLIC COMMENT FOR EACH AGENDA ITEM SHALL NOT EXCEED TWENTY (20) MINUTES. Should the remarks of the public comment speaker be deemed not germane to the particular agenda item being discussed, or the public comment speaker exceed his allotted time-as same may be extended as hereinabove set forth, or the total time for all public comment on a particular agenda item be exceeded, the Chair, or Committee Chair, may rule that public comment speaker at the time speaking out of order and take appropriate action to end that public comment."

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 9th day of May, 2012, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaught

LOUISIANA STATE MINERAL AND ENERGY BOARD

WHEREAS the Board, since its inception, administers all state leases and in addition thereto performs such duties and responsibilities as are applicable involving agencies of the State of Louisiana, and

WHEREAS, the Mineral Board in order to more properly and expeditiously consider and act upon the many matters including but not limited to agency leases, assignments, amendments, unitization agreements, and other matters connected with the administration of leases in the public domain and belonging to agencies of the State has heretofore compiled and distributed to the membership and to interested industry representatives and others, a regular docket, and

WHEREAS, it became apparent that a time interval was necessary from the submission of the material by the respective companies and/or agencies until the time that the Board was scheduled to meet and pass with finality upon same to allow for study by staff and committees of the Board and subsequent recommendations to the Board and Board Committees in connection with said studies, and

WHEREAS, it has been established policy on the part of the Board that all matters to be considered by the Board at a regularly scheduled meeting must clear the Mineral Board Office at least fifteen (15) days prior to the regularly scheduled meeting in order to accomplish the objective aforesaid, and

WHEREAS the new Constitution effective January 1, 1975, requires the following to wit:

> Article IX Section 5.
> "No conveyance, lease, royalty agreement, or unitization agreement involving minerals or mineral rights owned by the state shall be confected without prior public notice or public bidding as shall be provided by law."

and

WHEREAS Act 12 was adopted by the Legislature clarifying "public notice" as follows to wit:

> "The board shall give ten days notice prior to exercise of its powers and duties in approving for execution unitization agreements, royalty agreements or agreements that could be assimilated to a conveyance involving minerals or mineral rights of the state, exclusive of agreements involving the state's royalty in kind entered into pursuant to R.S. 30:142, which royalty in kind agreements are already subject to advertisement and bidding as therein provided. The board shall give this notice by publication in either the official journal of the state or in the Louisiana Register created by R.S. 49:954.1 (B) at the board's election. The notice shall be sufficient if it contains at least a digest or summary of the nature of the proposal, a general description of the state property interest affected thereby, and the time and place of the meeting at which such a proposal will be considered for execution, provided that a full copy of the instrument effecting the proposed agreement is otherwise made available for public inspection in the offices of the board during such notice period by any one desiring to examine the same. The notice provided herein shall constitute judicial advertisement and legal notice within the contemplation of Chapter 5 of Title 43 of the Louisiana Revised Statutes of 1950."

and

WHEREAS, in order to effectuate full legal compliance with the provisions of the constitution aforesaid and especially with respect to "public notice",

NOW THEREFORE BE IT RESOLVED that the policy of this Board is now amended to hereafter require that all matters to be considered by the Board prior to any regularly scheduled meeting must be submitted at least twenty (20) days prior to the aforesaid meeting to afford the Board the necessary time to comply with the obligations of the constitution aforesaid in this regard.

BE IT FURTHER RESOLVED that such instruments qualifying under the "public notice" must be in final form and fully executed except where such is waived so that when filed it may be available for inspection in the office of the Mineral Board by any interested party.

BE IT FURTHER RESOLVED that this resolution shall in no way apply to matters not requiring "public notice" nor emergency situations not requiring "public notice" and that same shall be considered by the Board consistent with the policy requiring a fifteen (15) day deadline prior to Board Meeting as in the past.

BE IT FURTHER RESOLVED that the Secretary be and he is hereby authorized and directed to circulate this Resolution on the Regular Mailing List to all companies and/or individuals doing business with the State Mineral Board.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 11th day of December, 1974, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

L. J. Borne Carle

Secretary, State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Arnold, seconded by Mr. Segura, the following resolution was offered and unanimously adopted:

WHEREAS, a recommendation was made by Staff to clarify a Resolution adopted at the February 10, 2010 State Mineral and Energy Board Meeting, by replacing the phrase "no earlier than ninety (90) days from" with "at least ninety (90) days before";

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board replace the phrase "no earlier than ninety (90) days from" with "at least ninety (90) days before" on a resolution adopted at the February 10, 2010 State Mineral and Energy Board Meeting.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 9th day of November, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL BOARD

On motion of Mr. Arnold, seconded by Ms. LeBlanc, the following Resolution was offered and unanimously adopted:

BE IT RESOLVED that the Chairman, Vice-Chairman or Secretary of the Board is hereby authorized to execute the state mineral leases on its behalf.

BE IT FURTHER RESOLVED that it is the intent of this Resolution to provide for only one to sign and it is not necessary that all sign the leases.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 14th day of July, 2004, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

Advertising and Bidding

RESOLUTION

Upon motion of Mr. Sherrouse, seconded by Mr. Jarrell, the following Resolution was adopted:

BE IT RESOLVED, that all tracts advertised for sale whether staff generated or nominated by Industry be advertised as to all depths.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 12th day of May, 1966, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

Policy

RESOLUTION

On motion of Mr. Berrigan, seconded by Mr. West, the following Resolution was offered and adopted:

WHEREAS the Board has customarily caused inland tracts to be let for three years, and

WHEREAS that inland waterbody known and defined as "Ascension Bay" according to the decrec dated June 16, 1975, in that action known as "United States vs. State of Louisiana, et al," No. 9 Original, of the Supreme Court, has characteristics paralleling waters offshore where five year leases are usual,

NOW THEREFORE BE IT RESOLVED, that leases let in that area known as Ascension Bay shall be for a term of five years even though the area lies inland of the coastline of Louisiana.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 10th day of September, 1975, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

L. J. Tonnecard

Secretary, State Mineral Board

Advertising and Bidding

On motion of Mr. Jones, seconded by Mr. Christman, the following resolution was unanimously adopted:

BE IT RESOLVED, that the State Mineral Board limit all future tracts to be advertised by the Board under the jurisdiction of said Board for and on behalf of the State of Louisiana, on all public domain to approximately three and one-half ($3\frac{1}{2}$) miles in length and width.

BE IT FURTHER RESOLVED, that this policy does not apply to offshore acreage where an established Block System is recognized or to inland open water acreage.

Adopted: August 6, 1964

Policy

RESOLUTION

On motion of Mr. Berrigan, seconded by Mr. Glazer, the following Resolution was offered and adopted:

WHEREAS a block system of identification would be helpful and necessary in Lake Maurepas to aid and facilitate pending leasing by the Board,

NOW THEREFORE BE IT RESOLVED, that William Howe, Civil Engineer, is directed to develop a block system for Lake Maurepas utilizing blocks of 2500 acres, said system to be promulgated and then henceforth utilized in future leasing.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 10th day of September, 1975, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

Policy ~~Special~~

Legal

RESOLUTION

On motion of Mr. Berrigan, seconded by Mr. Guillory, the following Resolution was unanimously adopted:

BE IT RESOLVED that the State Mineral Board require that all plats accompanying any nomination of state owned property or inland water bottoms not delineated by a block system be submitted for advertisement on an original or copy of a U.S.G.S. Quadrangle Sheet Scale 1:62,500 or 1:24,000 (15 minute or 7 1/2 minute, respectively). This Resolution shall be effective for tracts to be nominated for the November, 1975, lease sale.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 10th day of September, 1975, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

Policy

RESOLUTION

On motion of Mr. Williams, seconded by Mr. Favret, the following Resolution was offered and adopted:

BE IT RESOLVED that effective January 1, 1977 a policy of the Board shall be that the maximum size of tracts offered for lease shall not exceed 2,500 acres.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 11th day of August, 1976, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

NOTE: This resolution is applicable to all tracts including inland and offshore block system areas. This resolution does not alter the existing policy of the Board limiting the size of tracts to 3 1/2 miles in length and width as established by policy resolution adopted August 6, 1964.

(SEE REVERSE SIDE)

RESOLUTION

On motion of Dr. Kenneth A. Ogden, seconded by [illegible], the following Resolution was offered and adopted:

BE IT RESOLVED that the Board approve the use of its 1966 Lease Form for the leasing of State Agencies' lands subject to the necessary changes which will be required to adapt it for such use.

BE IT FURTHER RESOLVED that notice of this action be given to the industries through the Board's mailing list.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 13th day of October, 1966, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

Approved
JEP

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Ms. Smith, seconded by Mr. Segura, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made a request by Staff to approve an Amendment to the existing February 3, 2005 Memorandum of Understanding between The Department of Natural Resources and The Department of Wildlife and Fisheries for activities occurring or affecting the Louisiana Coastal Zone;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the Louisiana State Mineral and Energy Board grant approval of the Amendment to the existing February 3, 2005 Memorandum of Understanding between The Department of Natural Resources and The Department of Wildlife and Fisheries for activities occurring or affecting the Louisiana Coastal Zone.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 14th day of April, 2010, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Arnold, seconded by Mr. Segura, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by Staff to adopt a Board policy whereby applicants are granted a single period of twenty-four (24) hours to correct nominations and comply with requirements and policies;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED that the Committee recommends that the State Mineral and Energy Board adopt a policy of a twenty-four (24) hour grace period for applicants submitting nominations with non-compliance items.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 8th day of May, 2013, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

BOBBY JINDAL
GOVERNOR

STEPHEN CHUSTZ
SECRETARY

State of Louisiana

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF MINERAL RESOURCES

STATE MINERAL AND ENERGY BOARD

Portion Bid Policy

Resolution #15-06-07

(NOMINATION AND TRACT COMMITTEE)

WHEREAS, the State Mineral and Energy Board (Board) recognizes that the previous policy governing bids for portions of tracts was rescinded on April 9, 2015, and a replacement policy has not been adopted; and

WHEREAS, the Staff desires to adopt a revised policy on portion bids to be consistent with industry standards and current practices; and

WHEREAS, the Office of Mineral Resources (OMR) often receives more than one bid on the tracts advertised for lease for any given monthly lease sale; and

WHEREAS, OMR often receives bids only on portions of advertised tracts for lease, many of which conflict and overlap; and

WHEREAS, when two or more bids on portions of an advertised tract are received, the Board must determine the acreage contained within each portion bid in order to determine whether conflicts and overlaps exist; and

WHEREAS, current technology allows OMR Staff to use computerized methods for such determinations; and

WHEREAS, OMR Staff recommends that the following requirements be made applicable to portion bids submitted for consideration to the Nomination and Tract Committee:

> In addition to the other items required to be enclosed within sealed bid packets, bids on portions of advertised tracts shall include an 8 1/2" x 11" sheet depicting the acreage portion bid and a CDROM or DVD containing (1) Portion Bid Written Property Description, (2) a plat as a .pdf file, and (3) if the tract was advertised using bearings, distances and X-Y coordinates based on the Louisiana Coordinate System of 1927, a .dxf file containing only the boundary of the acreage portion bid shown within the advertised tract boundary on the portion bid.

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ON MOTION of ***Mr. Smith***, seconded by ***Mr. Brouillette***, after discussion and careful consideration, the foregoing OMR Staff recommendation was offered and unanimously accepted by the Nomination and Tract Committee.

WHEREAS, after discussion and careful consideration of the foregoing OMR Staff recommendation and action of the Nomination and Tract Committee;

ON MOTION of ***Mr. Sanders***, seconded by ***Mr. Segura*** , the following Resolution was offered and unanimously adopted by the Board:

NOW, BE IT THEREFORE RESOLVED that the State Mineral and Energy Board hereby adopts the following procedure as a policy relative bids on portions of advertised tracts for lease:

> In addition to the other items required to be enclosed within sealed bid packets, bids on portions of advertised tracts shall include an 8 1/2" x 11" sheet depicting the acreage portion bid and a CDROM or DVD containing (1) Portion Bid Written Property Description, (2) a plat as a .pdf file and, (3) if the tract was advertised using bearings, distances and X-Y coordinates based on the Louisiana Coordinate System of 1927, a .dxf file containing only the boundary of the acreage portion bid shown within the advertised tract boundary on the portion bid.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 10th day of June 2015, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Policy Resolution – Nomination and Leasing Policies

RESOLUTION # 15-08-005
(NOMINATION AND TRACT COMMITTEE)

WHEREAS, pursuant to La. R.S. 30:124, the State Mineral and Energy Board (Board) is authorized to lease for the development and production of minerals, oil, gas or alternative energy sources lands belonging to the State or the title to which is in the public trust; and

WHEREAS, pursuant to La. R.S. 30:125, all proposals for such mineral leases shall be submitted by application in the form required by the Office of Mineral Resources (OMR); and

WHEREAS, pursuant to La. R.S. 30:126, upon receipt of an application and the nonrefundable fee required by statute, the Board may offer for lease all or part of the lands described in the application; and

WHEREAS, pursuant to R.S. 30:127, the Board has authority to lease state-owned lands upon whatever terms it considers proper and in the best interest of the State of Louisiana (State); and

WHEREAS, LAC 43:I.901 sets forth certain requirements for inclusion in an application for a mineral lease; and

WHEREAS, LAC 43:I.902.F sets forth certain requirements for processing and returning executed and recorded leases to OMR; and

WHEREAS, by Resolution dated April 8, 2009, the Board authorized certain amendments to both LAC 43:I.901 and LAC 43:I.902.F, the purpose of which was to provide notice to surface rights owners of leases awarded on tracts in which the State owns the mineral rights, but not the surface rights; and

WHEREAS, these amendment to LAC 43:I.901 and LAC 43:I.902.F were never promulgated; and

WHEREAS, OMR Staff recommends that the foregoing Resolution be rescinded; and

WHEREAS, OMR Staff additionally recommends that the Board adopt the following requirements for applications for mineral leases on state-owned lands:

An application for nomination must include:

1) A DVD or CD-ROM containing a .dxf format of the proposed nominated tract polygon;

2) An electronic and paper copy of the legal description of the same proposed nominated tract, which must exactly match the tract polygon exploded from the .dxf as to X,Y coordinates along the polygon outline based on the Lambert Coordinate System;

3) An electronic file and paper copy of the plat in PDF format;

4) A letter of application accurately and fully completed;

5) A non-refundable check in the amount of the nomination fee as set forth in La. R.S. 30:125;

6) For nominations on property in which the State owns only the mineral rights, but not the surface rights, the current surface owner's name(s) and address(es) obtained from the tax rolls of the parish(es) in which the property is located.

WHEREAS, OMR Staff additionally recommends that the Board adopt the following requirements for mineral leases awarded on state-owned lands:

Upon the award of a lease by the Board on state-owned lands, the following requirements must be satisfied:

1) The lease shall be prepared by OMR Staff and forwarded to the Lessee for execution;

2) Within twenty (20) days of receipt, the Lessee shall return a fully executed original lease to OMR (failure to do so may result in forfeiture of the lease);

3) The Lessee shall record the lease with the Clerk of Court in each parish in which the leased property is located;

4) The Lessee shall furnish to OMR a "Recording Page Certificate" from the Clerk(s) of Court certifying the proper recordation of the lease;

5) Within thirty (30) days of the lease being awarded, OMR Staff shall send written notice of the lease to each owner of the surface rights identified by the Lessee in the application; and

6) The State shall not be liable to provide notice other than to those surface owners so identified by the nominating party at the addresses provided.

WHEREAS, OMR Staff further recommends that the Board authorize OMR Staff to promulgate rules pertaining to these requirements in accordance with the Administrative Procedures Act.

ON MOTION of ***Mr. Chustz,*** seconded by ***Mr. Smith,*** after discussion and careful consideration, the foregoing OMR Staff recommendations were offered and unanimously accepted by the Nomination and Tract Committee.

WHEREAS, in response to the foregoing OMR Staff recommendations and action of the Nomination and Tract Committee;

ON MOTION of ***Mr. Segura,*** seconded by ***Mr. Sanders,*** the following Resolution was offered and unanimously adopted by the Board:

NOW THEREFORE, BE IT RESOLVED that the Resolution dated April 8, 2009 authorizing amendments to LAC 43:I.901 and LAC 43:I.902.F be and is hereby rescinded.

BE IT FURTHER RESOLVED, that the Board hereby adopts the following requirements and procedure as policy for processing nominations and awarded leases and authorizes OMR Staff to promulgate rules pertaining to these requirements in accordance with the Administrative Procedures Act.

An application for nomination must include:

1) A DVD or CD-ROM containing a .dxf format of the proposed nominated tract polygon;

2) An electronic and paper copy of the legal description of the same proposed nominated tract, which must exactly match the tract polygon exploded from the .dxf as to X,Y coordinates along the polygon outline based on the Lambert Coordinate System;

3) An electronic file and paper copy of the plat in PDF format;

4) A letter of application accurately and fully completed;

5) A non-refundable check in the amount of the nomination fee as set forth in La. R.S. 30:125;

6) For nominations on property in which the State owns only the mineral rights, but not the surface rights, the current surface owner's name(s) and address(es) obtained from the tax rolls of the parish(es) in which the property is located.

Upon the award of a lease by the Board on state-owned lands, the following requirements must be satisfied:

1) The lease shall be prepared by OMR Staff and forwarded to the Lessee for execution;

2) Within 20 days of receipt, the Lessee shall return a fully executed original lease to OMR (failure to do so may result in forfeiture of the lease);

3) The Lessee shall record the lease with the Clerk of Court in each parish in which the leased property is located;

4) The Lessee shall furnish to OMR a "Recording Page Certificate" from the Clerk(s) of Court certifying the proper recordation of the lease;

5) Within 30 days of the lease being awarded, OMR Staff shall send written notice of the lease to each owner of the surface rights identified by the Lessee in the application; and

6) The State shall not be liable to provide notice other than to those surface owners so identified by the nominating party at the addresses provided.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 12th day of August 2015 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and in compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of the Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
Louisiana State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Policy Resolution
Letters of Protest

RESOLUTION # 15-08-004
(NOMINATION AND TRACT COMMITTEE)

WHEREAS, pursuant to La. R.S. 30:124, the State Mineral and Energy Board (Board) is authorized to lease for the development and production of minerals any lands belonging to the State of Louisiana (State) or the title to which is in the public trust; and

WHEREAS , pursuant to La. R.S. 30:126, upon receipt of an application and the required nonrefundable fee, the Board may offer for lease all or part of the lands described in the application; and

WHEREAS , pursuant to La. R.S. 30:126, the Board is required to publish in the official journal of the State and in the official journal of the parish wherein the lands are located an advertisement which shall contain, among other things, a description of the lands proposed for lease; and

WHEREAS, such advertisements, on occasion, have caused land/mineral owners to challenge the State's interest in and right to lease the lands proposed for mineral development and production; and

WHEREAS, land/mineral owners who assert that their property or mineral rights are wrongfully being claimed by the State may submit to the Office of Mineral Resources (OMR) a letter (Letter of Protest) protesting the State's right to lease the advertised property for development and production of minerals; and

WHEREAS, by Resolution dated July 19, 1956, the Board implemented a policy which requires that all protests to challenge the leasing of property advertised by the State for the development and production of minerals be submitted to the Secretary of the Board at least seven (7) days prior to the monthly meeting of the Board; and

WHEREAS, OMR Staff asserts that this policy is too limited and not adequately detailed; therefore, the Staff recommends that this policy be rescinded and that the following be adopted as the Board's policy regarding Letters of Protest:

A) Land/mineral owners seeking to challenge the State's ownership interest in or right to lease lands or water bottoms for the development and production of minerals shall file a written Letter of Protest no less than seven (7) calendar days prior to the date set for the opening of bids as stated in the advertisement. The Letter of Protest shall be addressed to:

Office of Mineral Resources
Attn: Petroleum Lands Director
Post Office Box 2827
Baton Rouge, Louisiana 70821-2827

B) The Letter of Protest shall include:

1) The land/mineral owner's name, address and telephone number;

2) The mineral lease sale date;

3) The tract number in dispute;

4) The parish(es) wherein the tract is situated;

5) Whether the protest applies to the entirety or a portion of the tract;

6) A detailed statement of the nature of the protest, including:

   a) The factual basis upon which the land/mineral owner asserts title to the tract or mineral rights at issue;

   b) The legal proceeding or act of conveyance by which the land/mineral owner asserts title to the tract or mineral rights at issue; and

   c) The date or time period when such rights were acquired;

7) All documents supportive of the adverse claim.

C) For Letters of Protest timely received by OMR, Staff generally will have adequate time to evaluate the validity of the adverse claim and be able to recommend to the Nomination and Tract Committee:

1) That the Letter of Protest be disregarded as insupportable;

2) That the tract be withdrawn and not considered for leasing due to a legitimate title dispute identified by the Letter of Protest; or

3) That the tract be withdrawn and not considered for leasing to permit Staff time to further review the issues raised by the Letter of Protest.

D) For Letters of Protest untimely received by OMR, Staff will meaningfully and with due diligence evaluate the merits of the adverse claim. In the absence of a facially valid protest, the tract will not be withdrawn from the nomination process unless the Staff requires (and so recommends) additional time to review the issues raised by the Letter of Protest.

ON MOTION of ***Mr. Chustz***, seconded by **Mr. *Smith***, after discussion and careful consideration, the foregoing OMR Staff recommendation was offered and unanimously accepted by the Nomination and Tract Committee.

WHEREAS, in response to the foregoing OMR Staff recommendation and action of the Nomination and Tract Committee;

ON MOTION of ***Mr. Segura***, seconded by ***Mr. Sanders***, after discussion and careful consideration, the following Resolution was offered and unanimously adopted by the Board:

NOW THEREFORE, BE IT RESOLVED:

That the July 19, 1956 Resolution establishing the Board's policy regarding protests to the proposed leasing of state-owned lands and water bottoms for mineral development and production be rescinded; and

That the following policy be adopted for receiving and processing Letters of Protest to the proposed leasing of state-owned lands and water bottoms for mineral development and production:

A) Land/mineral owners seeking to challenge the State's ownership interest in or right to lease lands or water bottoms for the development and production of minerals shall file a written Letter of Protest no less than seven (7) calendar days prior to the date set for the opening of bids as stated in the advertisement. The Letter of Protest shall be addressed to:

Office of Mineral Resources
Attn: Petroleum Lands Director
Post Office Box 2827
Baton Rouge, Louisiana 70821-2827

B) The Letter of Protest shall include:

1) The land/mineral owner's name, address and telephone number;

2) The mineral lease sale date;

3) The tract number in dispute;

4) The parish(es) wherein the tract is situated;

5) Whether the protest applies to the entirety or a portion of the tract;

6) A detailed statement of the nature of the protest, including:

a) The factual basis upon which the land/mineral owner asserts title to the tract or mineral rights at issue;

b) The legal proceeding or act of conveyance by which the land/mineral owner asserts title to the tract or mineral rights at issue; and

c) The date or time period when such rights were acquired;

7) All documents supportive of the adverse claim.

C) For Letters of Protest timely received by OMR, Staff generally will have adequate time to evaluate the validity of the adverse claim and be able to recommend to the Nomination and Tract Committee:

1) That the Letter of Protest be disregarded as insupportable;

2) That the tract be withdrawn and not considered for leasing due to a legitimate title dispute identified by the Letter of Protest; or

3) That the tract be withdrawn and not considered for leasing to permit Staff time to further review the issues raised by the Letter of Protest.

D) For Letters of Protest untimely received by OMR, Staff will meaningfully and with due diligence evaluate the merits of the adverse claim. In the absence of a facially valid protest, the tract will not be withdrawn from the nomination process unless the Staff requires (and so recommends) additional time to review the issues raised by the Letter of Protest.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 12th day of August, 2015 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and in compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of the Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
Louisiana State Mineral and Energy Board

BOBBY JINDAL
GOVERNOR

STEPHEN CHUSTZ
SECRETARY

State of Louisiana

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF MINERAL RESOURCES

STATE MINERAL AND ENERGY BOARD

Withdrawal of Unopened Sealed Bids

Resolution #15-06-08

(NOMINATION AND TRACT COMMITTEE)

WHEREAS, it has been the policy of the State Mineral and Energy Board (Board), by Resolution adopted March 11, 1965, to allow withdrawal of unopened, sealed bids for state mineral leases by following certain procedures; and

WHEREAS, the Staff recognizes that the aforementioned policy was rescinded by the Board on April 9, 2015, and a replacement policy has not been adopted; and

WHEREAS, the Board, from time to time, receives requests from potential lessees who have submitted bids for a particular lease sale to withdraw the unopened sealed bids; and

WHEREAS, the Staff of the Office of Mineral Resources recommends that the following procedure be approved by the Nomination and Tract Committee:

1. A request to withdraw an unopened, sealed bid shall be in writing by the party who submitted the bid;

2. The request shall be received by the Office of Mineral Resources prior to the advertised bid opening date and time;

3. The written request shall clearly state the reason for the withdrawal;

4. The requestor shall either enclose the bid receipt with the withdrawal request or be present at the Board meeting and have the receipt in his possession;

5. On the advertised bid opening date and time, the sealed bid will not be opened at the time all other bids are opened, but will remain sealed and unopened until the withdrawal request is acted upon by the Board;

6. During the Nomination and Tract Committee meeting, the request for withdrawal, the reason for the request, the number of other bids on the tract and the status of the party seeking the withdrawal will be presented;

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7. At the Board meeting, the request for withdrawal and the reason therefor will be submitted for Board consideration;

8. If the Board approves the request, the bid will remain sealed and unopened and the requestor may pick-up the bid after the Board meeting upon presentation of the bid receipt. If the requestor enclosed the bid receipt within the written request, the sealed, unopened bid will be mailed to the requestor; and

9. If the Board denies the request, the bid immediately will be opened and read aloud during the Board meeting and appropriately considered along with all other bids on the tract(s).

ON MOTION of ***Mr. Lambert***, seconded by ***Mr. Arnold***, after discussion and careful consideration, the foregoing OMR Staff recommendation was offered and unanimously accepted by the Nomination and Tract Committee.

WHEREAS, after discussion and careful consideration of the foregoing OMR Staff recommendation and action of the Nomination and Tract Committee;

ON MOTION of ***Mr. Sanders,*** seconded by ***Mr. Segura,*** the following Resolution was offered and unanimously adopted by the State Mineral and Energy Board:

NOW, BE IT THEREFORE RESOLVED that the State Mineral and Energy Board hereby adopts the following procedure as policy for processing requests to withdraw unopened, sealed bids for state mineral leases:

1. A request to withdraw an unopened, sealed bid shall be in writing by the party who submitted the bid;

2. The request shall be received by the Office of Mineral Resources prior to the advertised bid opening date and time;

3. The written request shall clearly state the reason for the withdrawal;

4. The requestor shall either enclose the bid receipt with the withdrawal request or be present at the Board meeting and have the receipt in his possession;

5. On the advertised bid opening date and time, the sealed bid-will not be opened at the time all other bids are opened, but will remain sealed and unopened until the withdrawal request is acted upon by the Board;

6. During the Nomination and Tract Committee meeting, the request for withdrawal, the reason for the request, the number of other bids on the tract and the status of the party seeking the withdrawal will be presented;

7. At the Board meeting, the request for withdrawal and the reason therefor will be submitted for Board consideration;

8. If the Board approves the request, the bid will remain sealed and unopened and the requestor may pick-up the bid after the Board meeting upon presentation of the bid receipt. If the requestor enclosed the bid receipt within the written request, the sealed, unopened bid will be mailed to the requestor; and

9. If the Board denies the request, the bid immediately will be opened and read aloud during the Board meeting and appropriately considered along with all other bids on the tract(s).

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 10th day of June 2015, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

On motion of Mr. Scott, seconded by Mr. Cascio, the following Resolution was offered and adopted:

WHEREAS, Lessees under State awarded mineral leases in the coastal area were reluctant to accommodate surface usage of their leases for coastal management projects; and

WHEREAS, in order for coastal management projects to be carried out in an orderly and efficient manner, surface usage in the area of said projects must be uninhibited by the rights of State mineral lessees; and

WHEREAS, the language was proposed to be added to advertisements for State mineral leases whereby prospective lessees would be put on notice that the surface usage rights of any mineral leases acquired would be subject to surface usage by the Department of Natural Resources for approved coastal management projects; now

THEREFORE, BE IT RESOLVED, that the State Mineral Board does hereby approve the addition of special language to all advertisements for State mineral leases stating that the surface usage part of any mineral lease acquired from the State would be subject to surface usage rights of the Department of Natural Resources for the implementation of approved coastal management projects.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board in the City of Baton Rouge, Louisiana, on the 8th day of February, 1995, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

On motion of Mr. Husers, seconded by Mr. Domino, the following Resolution was offered and adopted:

WHEREAS, in an effort to reduce excessive advertising costs, to simplify procedure in preparing notices of tracts for lease and to put prospective Lessees in direct contact with the Department of Wildlife and Fisheries on tracts nominated in areas under the jurisdiction of that department, the Office of Mineral Resources has modified the manner in which tracts nominated for lease in areas under the jurisdiction of the Department of Wildlife and Fisheries are noticed, advertised and the leases therefore written; and

WHEREAS, the notices and advertisements for said nominated tracts no longer contain the full text of regulations promulgated by the Department of Wildlife and Fisheries, nor does any lease taken on said tracts contain the full text of said regulations, but rather in all cases a paragraph is contained therein stating that all activity under any lease taken on said tracts would be subject to the appropriate regulations promulgated by the Department of Wildlife and Fisheries for that area and that copies of the entirety of the appropriate regulations can obtained from that department; and

WHEREAS, the Office of Mineral Resources, as staff for the State Mineral Board, and in order to carry out the desires of that body, has requested that the said Mineral Board give formal approval of the modifications adopted by the said staff in handling nominations of tracts in areas under the jurisdiction of the Department of Wildlife and Fisheries.

NOW THEREFORE, BE IT RESOLVED, that the State Mineral Board does hereby approve of the modifications adopted by the Office of Mineral Resources in no longer including the full text of the rules and regulations promulgated by the Department of Wildlife and Fisheries in notices, advertisements or leases granted thereon regarding tracts nominated for or leased which lie in areas under the jurisdiction of the Department of Wildlife and Fisheries.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board in the City of Baton Rouge, Louisiana, on the 14th, day of April, 1999, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Acceptable Bids
Board Policy

RESOLUTION # 15-08-006
(NOMINATION AND TRACT COMMITTEE)

WHEREAS, pursuant to La. R.S. 30:124, the State Mineral and Energy Board (Board) is authorized to lease lands owned by the State of Louisiana (State) or the title to which is in the public trust for the development and production of minerals; and

WHEREAS, pursuant to La. R.S. 30:126, the Board is required to advertise in the official journal of the State and in the official journal of the parish wherein the lands are located for bids for leases on such lands;

WHEREAS, pursuant to La. R.S. 30:127, the Board is authorized to accept the bid most advantageous to the State and may lease upon whatever terms it considers proper; and

WHEREAS, pursuant to La. R.S. 30:127, the Board may reject any and all bids or may lease a lesser quantity of property than advertised and withdraw the remainder; and

WHEREAS, LSA-R.S. 30:127 provides that royalties on oil and gas leases shall not be less than one-eighth; and

WHEREAS, by Resolution dated February 12, 1975, the Board deemed it appropriate and necessary to include specific language in the Notice of Publication advertising state-owned lands for leases; and

WHEREAS, OMR Staff recommends that this prior Resolution be rescinded and that the Board require that the following language be included in the monthly Notice of Publications:

> All interested bidders are hereby notified that the State Mineral and Energy Board is not obligated to accept any bid, and that acceptance of a bid is at the sole discretion of the Board which reserves the right to reject any and all bids. Additionally, the Board, at its sole discretion, reserves the right to lease all or any portion of the tract advertised.

ON MOTION of ***Mr. Sanders,*** seconded by ***Mr. Arnold,*** after discussion and careful consideration, the foregoing OMR Staff recommendation was offered and unanimously accepted by the Nomination and Tract Committee.

WHEREAS, in response to the foregoing OMR Staff recommendation and action of the Nomination and Tract Committee;

ON MOTION of ***Mr. Segura,*** seconded by ***Mr. Sanders,*** after discussion and careful consideration, the following Resolution was offered and unanimously adopted by the Board:

NOW THEREFORE, BE IT RESOLVED:

1. That the February 12, 1975 Resolution requiring that specific language be included in the Notice of Publication be and is hereby rescinded; and

2. That the following language be included in the monthly Notice of Publications:

> All interested bidders are hereby notified that the State Mineral and Energy Board is not obligated to accept any bid, and that acceptance of a bid is at the sole discretion of the Board which reserves the right to reject any and all bids. Additionally, the Board, at its sole discretion, reserves the right to lease all or any portion of the tract advertised.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 12th day of August, 2015 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and in compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
Louisiana State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL BOARD

TRACT EVALUATION COMMITTEE

On motion of ***Mr. Arnold***, duly seconded by ***Mr. Noel***, the following Resolution was offered and adopted:

WHEREAS, a question of the disposition of tracts receiving bids at the monthly Mineral Board Lease Sales on which the bid was not accepted for insufficient consideration has arisen and was duly considered by the Mineral Board and its staff; and

WHEREAS, after due consideration, the State Mineral Board agreed that a Mineral Board Policy should be enacted which would standardize the follow-up procedure for tracts for which a bid is received, but which the bid is rejected for insufficient consideration

BE IT RESOLVED, that the Mineral Board does hereby approve and place in effect the following policy regarding tracts bid upon for which the bids are rejected due to insufficient consideration, to-wit:

1. Any tract or portion thereof receiving a bid or bids that is rejected for insufficient consideration will not be opened up to the floor for further bidding.
2. Any tract or portion thereof receiving a bid or bids that is rejected for insufficient consideration will qualify to be re-advertised for lease by the State Mineral Board.
3. In such cases, the tract will be re-advertised for lease in the second Lease Sale immediately following the sale at which the bid was rejected.
4. The State Mineral Board will re-advertise the tract(s) with a minimum acceptable price per acre and/or royalty or a fixed royalty. The minimums will be determined by the staff.
5. The advertisement for lease may include additional information provided by the staff, such as unit, well, or production data. This information will be information which is already in the public domain, and will not include any confidential or proprietary information.

This policy shall remain in full force and effect until changed or modified by further Mineral Board action.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board in the City of Baton Rouge, Louisiana, on the 9th day of May, 2007, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Victor M. Vaught

State Mineral Board

WHEREAS, the State Mineral in the leasing of State owned lands and water bottoms within its jurisdiction, has adopted a policy regarding the maximum primary term of leases, which policy provides that the maximum primary term of leases on inland lands and water bottoms shall not exceed three (3) years; and

WHEREAS, the Board by policy requires that minimum bids on sulphur shall not be less than two dollars ($2.00) per long ton as royalty on all state owned lands and water bottoms within its jurisdiction; and

WHEREAS, when certain Agencies of the State, acting in conformity with Chapter 2, Title 30:153, often request the State Mineral Board to lease in behalf of such agency, lands within the agency's jurisdiction and following such request the Board has, without exception, advertised these lands specifying a maximum three (3) year primary term and a minimum of two dollars ($2.00) per long ton as royalty on sulphur; and

WHEREAS, many Agencies of the State when leasing lands within their jurisdiction have advertised and awarded leases for a primary term in excess of three (3) years and provided for a minimum of seventy-five cents (75¢) per long ton on sulphur, which leases by statute, require approval of the Board; and

WHEREAS, the Board desires to establish a consistent policy applicable to agency leases as well as state leases, which policy cannot be maintained under existing circumstances, as aforesaid;

NOW THEREFORE BE IT RESOLVED, that the State Mineral Board officially express its feelings, namely, that all agency leases presented to the Board for approval following the July 19, 1956, meeting shall require that the primary term of such lease shall not exceed three (3) years, and, further, that the minimum royalty on sulphur shall not be less than two dollars ($2.00) per long ton, and that the failure to so provide will result in disapproval of the lease by this Board;

BE IT FURTHER RESOLVED, that C. J. Bonnecarrere, Secretary to the Board, be directed to circulate a copy of this resolution to all agencies of the state and that a copy be mailed to all members whose names appear on the regular mailing list of the State Mineral Board.

Adopted: June 14, 1956

RESOLUTION

On motion of Mr. Berrigan, seconded by Mr. Dumond, the following Resolution was offered and adopted:

WHEREAS, the State Mineral Board has for many years recognized that minimum statutory royalties provided for bids on state and state agency mineral leases may not necessarily reflect tract potential in any given case; and

WHEREAS, while reserving its right to accept or reject any bid for a lease offering minimum statutory royalties, the Board as a policy matter has consistently declared its intention to look with disfavor on any bid that offers less than one-sixth (1/6th) royalty on oil and gas; and

WHEREAS, such policy applies to any and all other liquid or gaseous hydrocarbon minerals not specifically mentioned in the lease since such minerals can reasonably be expected to be in solution and/or produced with oil and gas and should bear the same royalty; and

WHEREAS, the Board has recently considered several bids for leases offering a royalty on any and all other liquid or gaseous minerals less than the royalties offered on oil and gas;

NOW, THEREFORE, BE IT RESOLVED by the State Mineral Board for the State of Louisiana, while continuing to reserve its right to accept or reject any such bid, does hereby restate and declare its policy to look with disfavor on any bid that does not offer at least the same royalty fraction on any and all other liquid or gaseous minerals not specifically mentioned in the lease that is offered as royalty on oil and gas.

BE IT FURTHER RESOLVED that a copy of this resolution be directed to all parties on the Board's mailing list as a reminder of the Board's policy in the foregoing particulars.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 10th day of February, 1982, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

On motion of Mr. Arnold, duly seconded by Mr. Besselman, the following Resolution was offered and unanimously adopted:

WHEREAS, on August 11, 1998, the State Mineral Board Advisory Committee met to formulate a recommendation to the State Mineral Board on the matter of continuing the previously imposed moratorium on mineral leasing in Lake Pontchartrain; and

WHEREAS, the Committee advised that a comprehensive study of all types of activity in the lake and environmental effects resulting therefrom be prepared, reviewed and evaluated; and

WHEREAS, based on the Committee's recommendation, the Board unanimously passed a Resolution on August 12, 1998, at its regular monthly meeting, granting a continuation of the moratorium on mineral leasing in Lake Pontchartrain for an additional two-year period through August 12, 2000; and

WHEREAS, this comprehensive study period is currently being carried out under the supervision of the Office of Mineral Resources; and

WHEREAS, the Board is empowered to consider mineral leasing matters in the best interest of the state of Louisiana based on prevalent facts, data, and research;

NOW THEREFORE, BE IT RESOLVED that the State Mineral Board hereby grants a continuation of the moratorium (without limitation) on mineral leasing in Lake Pontchartrain. When studies and reports are completed, reviewed and evaluated, Board members will be presented up-to-date environmental and geological information that future decisions can be based upon.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, State of Louisiana, on the 14th day of June, 2000, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Noreen Shuqerman

State Mineral Board

RESOLUTION OF THE STATE MINERAL BOARD

On motion of Mr. Kiesel, seconded by Mr. Manner, the following Resolution was unanimously adopted by the State Mineral Board of the State of Louisiana:

BE IT RESOLVED by the State Mineral Board that the Board, on behalf of the State of Louisiana, does hereby adopt an operating policy that will avoid to the maximum extent possible, any effect on the rights of the State and its present and future lessees of continual changes in the shore line of the State by natural or artificial means.

BE IT FURTHER RESOLVED that Dr. Henry V. Howe, Chairman of the Board, be and he is hereby authorized and directed to communicate this operating policy by letter to the Secretary of the Interior of the United States, that communication to be in a form approved by the Attorney General of Louisiana.

THIS RESOLUTION is adopted without any recognition on the part of the State of Louisiana of the legal effect of such shore line changes; and it is further adopted with full reservation of all the rights, claims and defenses of the State of Louisiana in connection with its coast line as accepted and approved in Act 30 of 1954, as well as to its historic bays, inlets and sounds.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 4th day of November, 1965, pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

Changing Location of Coastline

RESOLUTION

LOUISIANA STATE MINERAL BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Smith, seconded by Mr. Cordaro, the following resolution was offered and unanimously adopted:

WHEREAS, a request by staff for a change in policy which authorizes the staff to re-advertise for lease tracts which are rejected for insufficient consideration from re-advertising for lease at the sale two months from the sale in which the tract is rejected to just authorization to re-advertise with no time period involved;

WHEREAS, after discussion and careful consideration by the State Mineral Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the Board grant approval to changing its policy of re-advertising tracts rejected for insufficient consideration for bid at the meeting two months after the meeting at which bids were rejected to just authorization to re-advertise with no time period involved to give flexibility to staff.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 14th day of January, 2009, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.

LOUISIANA STATE MINERAL BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Smith, seconded by Mr. Cordaro, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by Staff to terminate paper mailings of the Notice of Publication produced for each monthly lease sale;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board grant the termination of paper mailings of the Notice of Publication produced for each monthly lease sale.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 9th day of May, 2012, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Arnold, seconded by Mr. Smith, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by Staff to clarify the meaning of "prospective leaseholder" within La. R.S. 30:123.1 "Registration of prospective leaseholders";

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board confirm OMR staff's interpretation of the term "prospective leaseholder" within La. R.S. 30:123.1 as including those entities nominating tracts of land to be advertised for bids.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 11th day of July, 2012, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaught

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

Upon motion of Mr. Prentice, seconded by Mr. Marcus, the following resolution was unanimously adopted:

WHEREAS, the Statute affecting royalties to be demanded by the State of Louisiana on mineral leases awarded by the State Mineral Board has set a minimum of 75¢ per long ton on sulphur, which minimum royalty on sulphur has been in force by Statute since the creation of the State Mineral Board in 1936; and,

WHEREAS, due to existing conditions, the demand for sulphur has been greatly increased and its monetary value enhanced by reason of an insufficient supply; and,

WHEREAS, the State Mineral Board acting for and in behalf of the State of Louisiana is charged with the responsibility of seeing that the State of Louisiana and its citizens derive a maximum benefit from its mineral resources; and,

WHEREAS, the State Mineral Board now feels that due to the increased demand for sulphur and the limited reserves existing at this time, as well as the increase in the market price of raw sulphur, merits, in the opinion of the Board, a value in the excess of 75¢ per long ton as royalty to the State of Louisiana.

NOW, THEREFORE, BE IT RESOLVED That the State Mineral Board acting for and in behalf of the State of Louisiana, as aforesaid, wishes to express to all interested parties doing business with this Board, their feelings; namely, that in the opinion of the Board, a fair and reasonable royalty for sulphur should be no less than $2.00 per long ton, it being distinctly understood that the Board will not bind itself to accept or reject a lesser or greater amount, but that at the present time, the Board sincerely believes that in all leases wherein sulphur exists or is thought to exist as may be ascertained from information known to said Board, the aforesaid $2.00 per long ton as a basis for royalty on sulphur produced and saved, is deemed to be reasonable and just.

BE IT FURTHER RESOLVED That a copy of this resolution be submitted to all interested parties doing business with this Board.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the State Capitol, in the City of Baton Rouge, Louisiana, on the 29th day of August, 1951, pursuant to due notice, at which meeting a quorum was present and that said resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Sgd. C. J. Bonnecarrere, Secretary
Secretary, State Mineral Board

WHEREAS, the statute affecting royalties to be demanded by the State Mineral Board has set a minimum of 75¢ per long ton on sulphur, which minimum royalty on sulphur has been in force by statute since the creation of the State Mineral Board in 1936; and

WHEREAS, due to existing conditions, the demand for sulphur has been greatly increased and its monetary value enhanced by reason of an insufficient supply; and

WHEREAS, the State Mineral Board acting for and in behalf of the State of Louisiana is charged with the responsibility of seeing that the State of Louisiana and its citizens derive a maximum benefit from its mineral resources; and

WHEREAS, the State Mineral Board now feels that due to the increased demand for sulphur and limited reserves existing at this time, as well as the increase in the market price of raw sulphur, merits, in the opinion of the Board, a value in the excess of 75¢ per long ton as royalty to the State of Louisiana;

NOW THEREFORE BE IT RESOLVED, that the State Mineral Board acting for and in behalf of the State of Louisiana, as aforesaid, wishes to express to all interested parties doing business with this Board, their feelings, namely, that in the opinion of the Board, a fair and reasonable royalty for sulphur be no less than $2.00 per long ton, it being distinctly understood that the Board will not bind itself to accept or reject a lesser or greater amount, but that at the present time, the Board sincerely believes that in all leases wherein sulphur exists or is thought to exist as may be ascertained from information known to said Board, the aforesaid $2.00 per long ton as a basis for royalty on sulphur produced and saved, is deemed to be reasonable and just;

BE IT FURTHER RESOLVED, that a copy of this resolution be submitted to all interested parties doing business with this Board.

Adopted: May 29, 1956

Special

RESOLUTION

On motion of Mr. Jones, seconded by Mr. McClanahan, the following Resolution was offered and adopted:

WHEREAS, Sklar & Phillips Oil Co. has submitted two tracts and asks that same be advertised for bids for an oil and mineral lease thereon, and,

WHEREAS, the Wild Life and Fisheries Liaison Committee has considered these two tracts at a joint meeting with representatives of a Committee of the Wild Life and Fisheries Commission, and,

WHEREAS, an agreement has been reached by both Committees in connection therewith.

NOW THEREFORE BE IT RESOLVED that the two aforesaid tracts be approved for advertisement for lease at a sale to be held on the 8 th day of January, 1975, as recommended by the Board's Wild Life and Fisheries Liaison Committee.

BE IT FURTHER RESOLVED that the rules and regulations to be attached to and made a part of any lease which may be granted as a result of subsequent bids received be and the same is hereby amended to read as follows to wit:

BE IT FURTHER RESOLVED that except as herein specifically amended the rules and regulations heretofore adopted by the Commission and Board are ratified and confirmed for use in the leasing of the aforesaid tracts.

BE IT FURTHER RESOLVED that the amendment to the rules and regulations as amended shall be applicable in this instance for the tracts aforesaid it being the intention of the Board and Commission hereafter upon receipt of a nomination of a tract comprising portions of unleased Rockefeller & Wild Life Game Refuge lands to consider each upon its respective merit and to determine what, if any changes, shall be made in applicable rules and regulations appertaining thereto at the time of consideration and prior to advertisement in order that the prospective bidder and subsequent lessee shall be fully aware of all of the obligations to be assumed under the respective lease or leases.

BE IT FURTHER RESOLVED that the Secretary of the Board is hereby authorized and directed to notify all persons, corporations and individuals doing business with this Board of this amendment to policy and its application memorandum circulated to all on the regular mailing list and by reference in any and all advertisements involving portions of the Rockefeller Wild Life and Game Refuge.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 13 th day of November, 1974, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

Advertising and Bidding

RESOLUTION

On motion of Mr. Williams seconded by Mr. Jones the following Resolution was offered and adopted:

WHEREAS, the Louisiana State Mineral Board has adopted a rider to be attached to and made a part of any oil, gas, and mineral lease executed by the State of Louisiana, beginning with the April 11, 1973, lease sale; and

WHEREAS, the State Mineral Board through its Policy Committee has experienced difficulty in arriving at a definition of "interspersed waterbottoms," to which the rider is designed to apply; and

WHEREAS, the overriding issue is the exploration and development of gas reserves within the boundaries of Louisiana that might be made available to intrastate markets and other means by which the State might preserve gas for use in Louisiana; and

WHEREAS, the Board has received many applications, some of which cover substantial waterbottom acreage interspersed with land, or even instances in which very little land is evidenced;

NOW THEREFORE BE IT RESOLVED it is the policy of this Board that such application be considered on its individual merit, exclusive of the May 1973 sale, and the Secretary be requested and directed to prepare a suitable form to be mailed to the applicant in such situations where the majority of the tract to be advertised constitutes waterbottoms.

BE IT FURTHER RESOLVED that the applicant be requested in such form, among other things, to give some verification and explanation which might assist the Board, such as the extent of leasing and development operations, adjacent leases, if any, drainage from other lands and waterbottoms and other problems which might aid the Board in determining whether or not the tract, or tracts, merit advertisement.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 11th day of April, 1973, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

RESOLUTION

On motion of Mr. Harrington, seconded by Mr. Johns, the following Resolution was offered and adopted:

WHEREAS, Act 684 of the 1990 Legislature amends R.S. 30:809 to provide that ". . . with respect to those leases executed on and after January 1, 1991, the rights of the lessee under any oil, gas, or mineral lease shall govern the production of any oil, gas, or mineral which may be considered a geothermal resource; and, unless specifically excluded in the lease, the lessee shall not be required to obtain a geothermal lease . . ."; and

WHEREAS, the State Mineral Board desires to maintain its long-standing policy that rights to geothermal resources be excluded from any lease covering oil, gas and other liquid or gaseous minerals;

NOW THEREFORE BE IT RESOLVED that effective January, 1991, all Notices of Publication, legal advertisements related thereto and all leases awarded covering oil, gas and other liquid or gaseous minerals, shall contain language specifically excluding therefrom rights to geothermal resources.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, State of Louisiana, on the 8th day of August, 1990, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Edward H. Rhorer
State Mineral Board

RESOLUTION

On motion of _____, seconded by _____, the following Resolution was offered and adopted:

WHEREAS the Board has customarily caused tracts lying landward of the so-called Chapman line to be let for three years; and,

WHEREAS in certain areas of Gulf Coast, Louisiana, a problem has arisen in the existing Block system concerning definitive descriptions because of the irregularity of certain of the Block lines; and,

WHEREAS serious problems have subsequently arisen between adjacent lessees as to the boundary of their respective leases; and,

WHEREAS it is the desire of the Board, from the standpoint of administration of leases only, to clarify and make certain a more exact and definable description of the tracts to be offered and subsequently leased in order to eliminate continuing problems of this nature,

NOW THEREFORE BE IT RESOLVED that all lands and water bottoms belonging to the State of Louisiana lying landward of straight lines connecting the salient points used to develop the envelope line three geographic lines seaward therefrom, all as set forth in a Supplemental Decree of December 13, 1965, together with exhibits 1, 2, 3, 4 and 5 filed with a Motion of the United States, on which Motion the noted Supplemental Decree was predicated in that certain action styled "United States of America v. State of Louisiana, et al", No. 9, Original, on the Docket of the Supreme Court of the United States, shall be leased for a three year primary term. All areas belonging to the State of Louisiana lying seaward of said line shall be leased for a term of five years.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 8th day of December, 1966, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

_____
Secretary, State Mineral Board

RESOLUTION

On motion of Mrs. Isby, seconded by Mr. Cascio, the following Resolution was offered and adopted:

BE IT RESOLVED, after lengthy discussion and deliberation, this Board acting on behalf of the citizens of Louisiana, has become and remains concerned regarding the financial viability and stability of bidders, prospective Lessees, and owners of interest in state mineral leases or operating agreements.

WHEREAS, it is the intent and objective of this Board that all bidders, prospective Lessees, and owners of interest in state mineral leases or operating agreements have sufficient financial resources to ensure that all covenants, both stated and implied, terms, and conditions set forth in any agreements with the State are fully complied with.

THEREFORE, this Board requests the Secretary of Natural Resources, the staff of the Office of Mineral Resources, and the Attorney General's Office to report within 60 days of this Resolution proposed policies and procedures which this Board can use to assure the financial responsibility and viability of any prospective bidder, lessee, or owner of interest in a State Mineral Lease, or Operating Agreement.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 10th day of August, 1994, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

STATE MINERAL BOARD

RESOLUTION

LOUISIANA STATE MINERAL BOARD

Tract Evaluation Committee

On motion of Ms. McKeithen, seconded by Mr. Dangerfield, the following Resolution was offered and adopted:

WHEREAS, the Mineral Board, to better accommodate those who desire to lease State acreage for mineral development, has decided to reduce the time frame between the nomination deadline and the lease sale at which the particular nominated tract appears for leasing.

NOW THEREFORE, BE IT RESOLVED, that the State Mineral Board, in order to accomplish the reduction of time between the nomination deadline and the lease sale at which that tract will appear for lease, does hereby propose that the nomination period for tracts which would appear for lease at the February 9, 2005 lease which begins September 28, 2004 and would ordinarily end October 25, 2004 will now end November 22, 2004 such that Office of Mineral Resources will begin accepting nominations for leasing for the February 9, 2005 lease sale on September 28, 2004 and will continue to accept nominations for the February lease through November 22, 2004 which has the effect of thereafter reducing the time between accepting the nominations to leasing the tracts nominated from approximately 108 days to 80 days.

BE IT FURTHER RESOLVED that, thereafter, the nomination period which begins November 23, 2004 and ends December 27, 2004 will be accepting nominations for tracts appearing at the March 9, 2005 lease sale, or approximately two months after the deadline rather than three months and that all tract nomination periods following will be for tracts appearing at the lease sale date approximately two months after the nomination period deadline.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board in the City of Baton Rouge, Louisiana, on the 14th, day of July, 2004, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

Lease Terms

RESOLUTION

On motion of Mr. Caldwell, seconded by Mr. Allain, the following Resolution was offered and unanimously adopted:

WHEREAS, the State Mineral Board passed a Resolution dated June 14, 1995, declaring that all mineral leases given by the Board subsequent to that date contain a provision for the establishment of a site specific trust account for each well drilled on said new leases prior to the establishment of any production from those wells for the purpose of guaranteeing the plugging and abandonment of said wells once production had depleted; and

WHEREAS, the establishment of such site specific trust accounts is burdensome and, therefore few such funds have been established, and further, other methods can guarantee the plugging and abandonment of said wells; and

WHEREAS, the Board believes it is in the best interest of the State to retroactively suspend the provision requiring the establishment of a site specific trust account prior to establishing production from all wells drilled on new leases granted subsequent to the June 14, 1995 resolution date.

NOW THEREFORE BE IT RESOLVED THAT the State Mineral Board does hereby suspend retroactively the provision added to all mineral leases granted subsequent to June 14, 1995, requiring the establishment of a site specific trust account for each well drilled on said leases prior to the establishment of production therefrom until such time as the Board deems it in the best interest of the State to reactivate said provision.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 12th day of March, 1997, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

On motion of Mr. McClanahan, seconded by Mr. Berrigan, the following Resolution was offered and adopted:

BE IT RESOLVED that the following clause be and it hereby is adopted for use in connection with any leases awarded by the State beginning on January 1, 1975, and the staff is directed to insert this language in all leases awarded after that date.

> "Notwithstanding any of the above provisions of this lease to the contrary, this lease is granted and accepted without any warranty or recourse against lessor whatsoever, either expressed or implied, it being expressly agreed that the Lessor shall not be required to return any payments received hereunder or be otherwise responsible to lessee.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 9th day of October, 1974, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

RESOLUTION

ON MOTION of MR. DAILEY, seconded by MR.CASCIO, the following Resolution was offered and adopted:

WHEREAS, the present State Lease oil, gas and other Liquid or Gaseous Minerals, called hereinafter the "1981 Form" contains in paragraph 12 thereof the following sentence, "If such right of salvage is not timely exercised, then the same shall be forfeited and said casing shall become the property of Lessor", hereinafter referred to as "forfeit clause"; and

WHEREAS, the Mineral Board has determined that the State should not automatically become the owners of abandoned oilfield facilities or casing under the forfeiture clause; now therefore

BE IT RESOLVED, that the sentence, "If such right of salvage is not timely exercised, then the same shall be forfeited and said casing shall become the property of Lessor", be and it is hereby deleted and otherwise removed and rendered of no effect in any State of Louisiana mineral leases using the 1981 form given, from the June 8, 1994, lease sale forward, to include those leases given at the June 8, 1994, lease sale.

I hereby certify that the above is a true and correct copy of a resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 8th day of June, 1994, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

On motion of Mr. McNamara, seconded by Mr. Dailey, the following Resolution was offered and adopted:

WHEREAS, seismic permittees of the state have, in the past, been impeded in their seismic acquisition by state lessees on leases granted subsequent to the seismic permits being granted; and

WHEREAS, coastal management projects for coastal reclamation and conservation have been impeded as to surface usage by mineral lessees of the state; and

WHEREAS, additional language in state mineral leases could alleviate both problems; now therefore

BE IT RESOLVED, that the State Mineral Board does hereby approve of and authorize the addition of new language to the State of Louisiana Mineral Lease Revised 1981 form as of the June lease sale rendering new leases granted under this form subject to prior seismic permits granted by the state, and further, rendering the surface rights normally granted to mineral lessees in said lease subject to surface usage by the Department of Natural Resources in conjunction with approved and fully funded coastal restoration and conservation projects.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board in the City of Baton Rouge, Louisiana, on the 12th day of April, 1995, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL BOARD

Legal and Title Controversy Committee

On Motion of Mr. Noel, seconded by Mr. Kimball, the following Resolution was offered and adopted:

WHEREAS, requests have been received from numerous persons or entities holding interests in state leases which do not contain Force Majeure provisions, or which do not contain the current Force Majeure provisions provided in State leases, for amendment of such leases to add the current Force Majeure language used in State leases; and

WHEREAS, the current Force Majeure language will allow the leases to continue in force and effect under certain conditions should they occur; and

WHEREAS, the Board is aware that these leases have been impacted by Hurricanes Katrina and Rita, Katrina being the worst natural disaster in the history of not only Louisiana, but of the United States, but at the same time is constrained by Louisiana Constitution Article VII, Section 14, which prohibits the State or any of its political subdivisions from giving away anything of value; and

WHEREAS, Mineral Board staff members have identified provisions which are of corresponding benefit to the State; and

WHEREAS, it is deemed by the Board to be desirable, beneficial, and advantageous to the State of Louisiana to amend the state leases which presently do not contain Force Majeure provisions or which do not contain the current Force Majeure provision, provided in the State leases, to add such language, with the proviso that such leases be further amended to include the following:

> "It is further agreed that this lease is subject to the provisions of LA. R.S. 30:127(G), and 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.
>
> It is further agreed that in addition to all other audit rights otherwise set forth in this lease or required by the law, the State Mineral Board shall have the same audit rights which the United States of America would have under 30 U.S.C. 1713(a) and under State of Louisiana Act 449 of 2005, Regular Session, and that both provisions may be applied retroactively.
>
> It is further agreed that to the extent this lease contains any 'acreage retention' clause or clauses, lessee may not retain acreage where the state has been successful in obtaining a final unappealable judgment dissolving the lease for reasons other than non-development.
>
> Lessor and Lessee further agree that so long as it remains in effect this lease is an executory contract and unexpired lease within the meaning of Section 365 of the United States Bankruptcy Code."

NOW, THEREFORE, BE IT RESOLVED, the Louisiana State Mineral Board does hereby mandate that any amendment of any state mineral lease for any reason also contain the following clause if not already in the lease:

> "It is further agreed that this lease is subject to the provisions of La. R.S. 30:127(G), and that access by the public to the public waterways through the state lands covered by the lease shall be maintained and preserved for the public by the lessee.
>
> It is further agreed that in addition to all other audit rights otherwise set forth in this lease or required by the law, the State Mineral Board shall have the same audit rights which the United States of America would have under 30 U.S.C. 1713(a) and under State of Louisiana Act 449 of 2005, Regular Session, and that both provisions may be applied retroactively.
>
> It is further agreed that to the extent this lease contains any 'acreage retention' clause or clauses, lessee may not retain acreage where the state has been successful in obtaining a final unappealable judgment dissolving the lease for reasons other than non-development.
>
> Lessor and Lessee further agree that so long as it remains in effect this lease is an executory contract and unexpired lease within the meaning of Section 365 of the United States Bankruptcy Code."

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary of the Department of Natural Resources, Deputy Assistant Secretary or Chief Landman of the Office of Natural Resources be and the same are hereby authorized to reflect the approval of the State Mineral Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 11th day of October, 2006, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute book of said Board, and is now in full force and effect.

State Mineral Board

RESOLUTION

On Motion of Mr. Scott seconded by Mr. Cascio, the following Resolution was offered and adopted:

WHEREAS, Paragraph 12 of The Louisiana State Oil and Gas Lease Form Revised 1981 obligates Lessees to plug and abandon all wells on the premises no longer necessary for operations, and to remove all structures and facilities serving said well(s); and

WHEREAS, Paragraph 12 further addresses the rights and obligations of Lessor and Lessee in the event the hereinabove obligation is not timely performed; and

WHEREAS, ownership of structures and facilities remaining on the premises is not adequately addressed by the existing Paragraph 12.

THEREFORE, BE IT RESOLVED, that Paragraph 12 of The Louisiana State Oil and Gas Lease Form is hereby amended and shall read as follows:

> Lessee shall be obligated to plug and abandon all wells on the premises no longer necessary for operations or production on this lease, and to remove from the premises all structures and facilities serving said wells, all at Lessee's sole risk, cost and expense and subject to compliance with laws, rules and regulations. Failure of Lessee to do so within a reasonable time shall subject Lessee to and make Lessee liable for any and all costs or expenses of any kind incurred by the State for removing said facilities, but in no instance shall title to or ownership of said facilities automatically vest in or transfer to the State nor shall said facilities be deemed "improvements" to the leased premises for purposes of vesting title in same to the State. Lessee shall furnish bond as may be required at any time or times by Lessor, or such other security in lieu thereof as may be acceptable to Lessor, conditioned upon faithful performance of such obligations. In connection therewith, the right of Lessee to draw and remove casing from wells is recognized, provided such right is exercised by Lessee not later than one year after termination of this lease or portion thereof on which the well is located. If such right of salvage is not timely exercised, Lessee shall be subject to and liable for any costs or expenses of any kind incurred by the State in removing or disposing of casing, but under no circumstances shall title to said salvage transfer to or vest in the State nor shall it be forfeited by Lessee to the State. In addition to restoration of the leased premises as contemplated and required by this lease, Lessee shall be responsible for all damages to the leased premises, and in addition and without limitation for all

damages to any timber, crops, roads, buildings, fences and other improvements thereon.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 13th day of October, 1993, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Geo Rodrigue

STATE MINERAL BOARD

GOVERNOR EDWIN EDWARDS
EX-OFFICIO CHAIRMAN
ANDREW A. MARTIN
CHAIRMAN
WILLIAM C. HULS
VICE-CHAIRMAN
JOSEPH E. BERRIGAN, JR.
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H. D. WEST
JAMES E. WILLIAMS

C. J. BONNECARRERE
SECRETARY

STATE MINERAL BOARD
POST OFFICE DRAWER 2827
BATON ROUGE, LOUISIANA 70821

IMPORTANT NOTICE

TO: ALL COMPANIES, CORPORATIONS AND INDIVIDUALS DOING BUSINESS WITH THE LOUISIANA STATE MINERAL BOARD

FROM: LOUISIANA STATE MINERAL BOARD

DATE: JULY 30, 1975

RE: REARRANGEMENT, CONSOLIDATION AND REVISION OF THE 1966 STATE MINERAL LEASE FORM AND RELATED RIDER

Pursuant to prior direction of the Board, the Staff has undertaken study of the above forms to consider conformity with requirements of the 1974 Constitution and with provisions of the Louisiana Mineral Code, both effective January 1, 1975, and to rearrange, consolidate and revise provisions of the lease and rider for convenience of reference,to eliminate duplications or repetition,to clarify and to effect several changes therein.

It has not been the purpose of the study to impose new and more onerous obligations and burdens on the Lessee although several changes deemed reasonable have resulted. Rather, the principal purpose has been to incorporate in the lease itself rights and obligations already expressed or implied by the existing lease, rider or otherwise. It did not appear, however, that any useful purpose would be served by attempting to incorporate all of the rider provisions as provisions in the lease form. After removing from the rider and placing in the body of the lease, provisions regarding the royalty option, disclosure of information and negation of warranty, no other duplications or conflict between rider provisions and lease provisions were discernible. The remaining rider provisions appear to deal with entirely separate and distinct subjects from those treated in the lease, which because of their special nature and current importance, together with the convenience of the topic references, appeared to justify the continuance of such remaining rider provisions separately from the other lease provisions.

Lease Terms

BUDDY ROEMER
GOVERNOR

ES R. BAKER, JR.
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PINEVILLE, LA 71361-4120
(318) 445-3601

ALVIN CHILDS
631 MILAM
SHREVEPORT, LA 71101
(318) 222-0847

ALVAREZ T. FERROUILLET, JR.
2640 BARRACKS ST
NEW ORLEANS, LA 70119

RON GOMEZ
P.O. BOX 94396
BATON ROUGE, LA 70804-9396
(504) 342-4503

State of Louisiana

STATE MINERAL BOARD

Baton Rouge

(504) 342-4615

T. JAY SEALE, III
CHAIRMAN

SYLVIA K. GOODMAN
625 BALMORAL DRIVE
SHREVEPORT, LA 71106
(318) 861-3475

RONALD S. JOHNS, VICE-CHAIRMAN
3620 MAPLEWOOD DRIVE
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(504) 926-4728

T. JAY SEALE, III
P.O. DRAWER 2787
HAMMOND, LA 70404
(504) 345-8058

IMPORTANT NOTICE

TO: ALL COMPANIES, CORPORATIONS AND INDIVIDUALS DOING BUSINESS WITH THE STATE MINERAL BOARD

FROM: EDWARD H. RHORER, DEPUTY ASSISTANT SECRETARY EHR

DATE: February 19, 1991

RE: Policy Statement Regarding Paragraph 7(c)- State Mineral Lease Form

The Mineral Board in keeping with Attorney General's Opinion #90-326 can discuss with its lessees the liquidated damages accrued against owners of state mineral leases for failure to timely submit partial or full releases within a 30 day period (State Lease Nos. 10329 thru 11112) or 90 day period from State Lease No. 11113 to present and future leases, following termination of the lease. As you are aware, or should be aware, liquidated damages of $100.00 per day are assessed for each day that a release has not been recorded and submitted to the State, timely.

Regardless of any reasons the affected mineral lessees may have had for allowing excessive 7(c) damages to accrue, and not withstanding any past acceptance by or on behalf of the Mineral Board of compromise sums in settlement of litigated claims for 7(c) damages, the stated policy of the Mineral Board shall be the scrupulous levying of all 7(c) damages allowable and the vigorous collection of the entirety of those 7(c) damages levied. While the Mineral Board reserves the right to consider mitigating circumstances in limited situations when assessing 7(c) damage claims for settlement purposes, the prevailing general policy of the Mineral Board shall be to collect all 7(c) damages in full.

Please see that this Policy Statement is called to the attention of the appropriate individuals in your office.

EHR:mbk

P.O. BOX 2827 • BATON ROUGE, LOUISIANA 70821-2827

Furthermore, from the standpoint of sheer length of the lease form and rider, it was considered that no appreciable improvement was possible as long as the necessity exists to cover so many different provisions in the detail deemed desirable when the form was drafted. The extensive details of the royalty provisions in the body of the lease, and in the provisions of the rider covering deferred operations, environment and intrastate marketing of production are principally responsible for the unusual length of the lease contract. Yet, it is recognized that the detailed provisions tend to render more certain these rights and obligations and have been helpful to those responsible for construing, enforcing and complying with such provisions.

The areas of rearrangement, consolidation and revision in the lease contract are noted generally, as follows:

1. Paragraph 4 (b) has been changed simply to eliminate the two references to "products" and substitute the word "minerals" consistently with other references in the same paragraph and with other references in the lease.

2. The first sentence of Paragraph 5 has been changed to exclude as exceptions to offset applicability other lands owned by Lessor or in which Lessor has an interest, but continue the exception as to unitized acreage.

3. The first sentence of Paragraph 6 has been changed to clarify and consolidate in the lease form the Lessor's option to take its royalties in kind which has formerly appeared as a brief, typed addition at this point in the lease and in other detail in the related rider.

4. The first sentence of Paragraph 6 (d) has been changed to add after the word "quantities" in the second line the words "which fact has been duly verified and confirmed in accordance with Lessor's requirements for proof thereof" because of the increasing number of tenders of shut-in gas well payments without prior proof of well capability necessary to invoke the provision for lease maintenance.

5. Paragraph 6 (i) has been changed to provide for payment of royalty under the lease on production occurring prior to the date of the lease but nevertheless deemed to be covered by and allocable to the lease; to eliminate the attempted enumerations purporting to excuse royalty payments within said period due in part to the relaxation of the cancellation remedy previously available to the Lessor for nonpayment of royalties within rather short time periods; and to provide for royalty payments under penalty of the remedies provided by R.S. 137-142 in the Louisiana Mineral Code.

6. Paragraph 11 has been changed to clarify and consolidate in the lease the Lessee's disclosure obligations as formerly provided by both Paragraph 11 of the lease and by the related lease rider.

7. Paragraph 12 has been changed to include an affirmative obligation on the Lessee to plug and abandon wells and to remove structures and facilities serving said wells, even to the extent of supplying bond or other acceptable security as may be required by Lessor from time to time to assure good faith compliance, while preserving the Lessee's salvage rights to casing in the wells for the customary one (1) year period. A brief explanation is simply that prior failures by some lessees to live up to these implied obligations have occurred too frequently of late and present problems of responsibility and enforcement for correction that simply should not be permitted to continue regardless of where the responsibilities may rest, if reasonable means can be employed to prevent same from occurring.

8. Paragraph 15 is new and negates implied warranty now generally applicable under mineral leases as provided in R.S. 31:120 of the Louisiana Mineral Code, although such a provision has been included in a special rider in leases granted for a number of months before and in anticipation of the effectiveness of the codal provision. It had long been recognized that there could not be any implied warranty under state mineral leases and this principle is perpetuated.

The foregoing changes are those that will be included in all future mineral leases granted by the State Mineral Board. The need for special provisions in certain types of leases is recognized, but these provisions are of the type that inclusion of same as conditions for granting the lease will be given in the legal notices of future lease sales.

The Board has approved the lease form as rearranged, consolidated and revised, but the same has not as yet been printed. For this reason, reproduction of the lease form to supply copies herewith has not been possible. However, a number of copies are available in the Records Section of the Board for inspection and examination by anyone interested in the full context of the changes.

Henry Lastrapes, Jr.

Henry Lastrapes, Jr.
For the Staff

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION OF Mr. Arnold, duly seconded by Ms. Smith, the following Resolution was adopted by the Board, to-wit:

WHEREAS, the Office of Mineral Resources is the steward of the State's mineral and royalty interest; in particularly, the Geological and Engineering Division is tasked with the evaluation of oil and gas potential utilizing individual well and reservoir performance on or affecting leased and unleased State owned land and water bottoms, and the Mineral Income Division is mandated to accurately and timely perform audits of those producing properties associated with State Mineral Leases and Operating Agreements, and

WHEREAS, the Mineral Income Division of the Office of Mineral Resources has historically had difficulty performing audits from production reports reported by LeaseUnitWell (LUW) code, which may include wells under the same code with no production attributable to a State mineral lease, or may include production from a well which is attributable to more than one State mineral lease, and

WHEREAS, the Geological and Engineering has likewise had difficulty in evaluating oil and gas potential, as well as well and reservoir performance, when production is reported by LUW code which, again, may include multiple wells under the same LUW code, and

WHEREAS, State mineral lessees reporting production to the Production Audit Division of the Office of Conservation and to the Mineral Income Division of the Office of Mineral Resources (available to the Geological and Engineering Division as well) on a Well Serial Number basis, as well as a LUW code basis, would greatly enhance to ability of the Mineral Income Division to perform its requisite audit functions in a more accurate, as well as more timely, manner, and

WHEREAS, an amendment to the present State and State Agency mineral lease form requiring the mineral lessee to report production from or attributable to the lease on a Well Serial Number basis as well as a LUW code basis in the only practical method of accomplishing this effect at the present, and to make it more effective, requiring any mineral lessee desiring to amend his lease or leases for any reason to include the language requiring said lessee to report production from or attributable to his lease by Well Serial Number and LUW code.

NOW THEREFORE, BE IT RESOLVED, the Board hereby authorizes the staff to add the following language to the State lease form, to-wit:

"Lessee shall report all production of hydrocarbons and associated liquid or gaseous minerals from, or attributable to, this lease to the Production Audit Division of the Office of Conservation and to the Mineral Income Division of the Office of Mineral Resources by appropriate SR forms containing both LeaseUnitWell (LUW) code and, beginning January 1, 2013, well serial number. Failure to report production as herein specified shall be deemed "improper reporting" which shall subject Lessee to the penalty specified therefor."

BE IT FURTHER RESOLVED, and the Board hereby adopts this as a policy, that any State mineral lessee desiring to amend a State mineral lease for any reason, in addition to including any other required language, must add the above language on reporting production from or attributable to the amended lease.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 11th day of April, 2012, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaughn

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION OF Mr. Arnold, duly seconded by Mr. Smith, the Louisiana State Mineral and Energy Board unanimously adopted the following Resolution, to-wit:

WHEREAS, the Board previously adopted a policy whereby mineral leases awarded by the Board would carry a three year primary term for inland leases and a five year primary term for offshore leases (within the three mile territorial waters of the State of Louisiana) which was a reflection of the additional time frame necessary to secure special equipment, financing and permits for drilling offshore prospects, and

WHEREAS, in the present oil and gas exploration environment, many inland Louisiana prospects require the drilling of ultra-deep wells (wells drilled below Twenty-two Thousand (22,000') feet) to access reservoirs capable of producing hydrocarbons sufficient for economic viability, and

WHEREAS, special equipment, additional financing, special permitting and other requirements beyond that normally required previously for drilling inland prospects have become requisite to drilling those ultra-deep wells necessitating additional time similar to that required previously for drilling offshore prospects, and

WHEREAS, the granting of additional length of primary term from three to five years for those inland leases involved in drilling ultra-deep wells has become advisable in the best interest of the State to facilitate the drilling of said ultra-deep wells, and

WHEREAS, the most advantageous method of accomplishing this purpose is to amend the lease form to include language providing for an increase in the primary term from three to five years when shown that the lease will be involved in the drilling of an ultra-deep well.

NOW THEREFORE, BE IT RESOLVED that the State mineral lease form be amended to include the following language, to-wit:

"Whenever it can be shown by evidence acceptable to the staff and the Board-including, but not necessarily limited to, applying for a permit to drill an ultra-deep well , the formation of a unit including all or a portion of this lease, for the purpose of drilling an ultra-deep well, or a signed affidavit from the lessee to that effect- that this lease will be involved, in whole or in part by inclusion in a unit for that purpose, in the drilling of an ultra-deep well (22,000' or greater), the Board, by resolution, may increase the primary term of this lease, if originally granted for a Three year period, to Five years so long as the evidence shown and Board action occurs prior to the end of the original Three year primary term "

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 11th day of April, 2012, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaught

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

ON MOTION OF Mr. Thomas Sanders, duly seconded by Mr. Thomas Arnold, the following Resolution was proposed by the Louisiana State Mineral and Energy Board and unanimously adopted, to-wit:

WHEREAS, staff of the Office of Mineral Resources have met with members of the Louisiana State Mineral and Energy Board to discuss the drafting of a revised oil and gas lease form; and

WHEREAS, the drafting of such revised oil and gas lease form will address various issues that have been brought before the Board dealing with certain mineral leases and leaseholder issues and other aspects of the oil and gas lease form.

NOW THEREFORE, BE IT RESOLVED, that the Louisiana State Mineral and Energy Board does herein and hereby unanimously authorize the staff of the Office of Mineral Resources to meet with the purpose of drafting a revised oil and gas lease form which will address various mineral lease issues and leaseholder issues and other aspects of the oil and gas lease form.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 12th day of June, 2013, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

WHEREAS, at a regular meeting of the State Mineral Board held on January 16, 1964, the Board discussed many of the problems involving the payment of in lieu royalty under our various lease forms. It was brought to the Board's attention that the latest lease form dated February, 1962 provides that there be six (6) consecutive six (6) month periods with the fifth and sixth semi-annual payments being in the amount of $3.00 per acre for the number of acres then covered by the lease but in no event would be less than $200.00. The February, 1962 form also provides that in the event the lessee is unable to obtain a satisfactory market despite diligent efforts after the sixth period the Board shall grant additional six (6) month periods as the circumstances warrant with the payment being the same as provided for in the fifth and sixth period.

WHEREAS, the 1948 lease form provides that the lessee will have six (6) consecutive six (6) month periods but no more; however, those forms provided for only $1.00 per acre for the number of acres covered by the lease but in no event less than $200.00.

WHEREAS, many lessees under such leases have requested extensions by amending the lease form to provide for additional periods.

WHEREAS, it is the Board's belief that all lessees requesting extensions should be on an equal footing with respect to the cost of their operations as to the shut-in royalty payments.

WHEREAS, on motion of Mr. Hearin, seconded by Mr. Barrios, the following resolution was adopted:

BE IT RESOLVED, that the Board hereby adopt a policy that as to future amendments to leases providing additional six (6) month periods the amendment will provide for a consideration to be paid in the amount equal to $3.00 per acre for the number of acres then covered by the lease and in no event will the sum be less than $200.00; other provisions of the lease to remain the same.

Adopted: January 16, 1964

On motion of Mr. Collins, seconded by Mr. Stokes, the following resolution was voted upon and adopted:

BE IT RESOLVED, That the following clause be added to all Unitization and Pooling Agreements executed by the State Mineral Board:

"The parties hereto agree that the foregoing division and apportionment shall be and remain binding until, within the period of this agreement, either party may have established by definitive judgment of a court of competent jurisdiction, or in any other lawful manner, the exact limits of its claimed ownerwhip, after which time, but not retroactively, the division and apportionment of interests within the unit shall be in proportion to the ownership, as so established, within the entire unit hereinabove described. If, any time, any question or litigation should arise as to the ownership of any part of the property covered by any lease or leases herein concerned, neither this agreement nor anything herein contained, nor any of the data, maps, or exhibits considered in connection herewith, whether hereto attached or not, nor any course of conduct followed by any party hereto pursuant to this agreement shall ever be considered to be or permitted to serve as a basis of estoppel against any party hereto or prevent any party hereto from establishing its ownership, or having the boundaries or limits of its property determined, in any lawful manner, anything herein contained to the contrary notwithstanding.

Adopted: October 17, 1957

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION OF Mr. Smith, duly seconded by Mr. Diez, the following Resolution was adopted by the Board, to-wit:

WHEREAS, while there is a provision in the present Louisiana State mineral lease form to maintain the lease in full force and effect when a gas well is drilled capable of producing in paying quantities, but the well cannot produce due to lack of a sales contract or facilities, by payment of an in-lieu royalty payment; there is no such provision to maintain the lease when an oil well is drilled capable of producing in paying quantities, but cannot produce due to lack of facilities, and

WHEREAS, the same disparity holds true in a force majeure situation where a lessee is required to pay gas in-lieu royalty payments to maintain the lease where a gas well otherwise capable of producing in paying quantities is shut in due to force majeure, but a lessee with an oil well otherwise capable of producing in paying quantities, which is shut in due to force majeure, does not have to pay anything, and

WHEREAS, in fairness to the lessee of State mineral leases and to the State, the provisions for maintenance of the lease in well shut-in situations should be the same for oil and gas wells drilled and capable of producing in paying quantities, and

WHEREAS, the State mineral lease should be amended to include an oil well shut-in in-lieu royalty payment provision, to make the shut-in, in-lieu royalty rate for both oil and gas Fifty ($50) Dollars per acre , and further, that, whenever a State mineral lessee request an amendment of an existing lease, the Board should require, as a policy, that the oil shut-in provision be added as well as the Force Majeure clause amended to include lease maintenance by oil in-lieu royalty payments in a force majeure situation.

NOW THEREFORE, BE IT RESOLVED, that staff is authorized to add the following language to the existing State Mineral Lease Form and State Agency Mineral Lease Form, to-wit:

(d)(ii) If at any time or times (during or after the primary term) there is on the leased premises, or off the leased premises, but affecting the leased premises by means of a unit including all or a portion of this leased premises, a well or wells capable of producing oil in commercial quantities, which fact has been duly verified and confirmed in accordance with Lessor's requirements for proof thereof, but oil is not being used, produced, or marketed therefrom because of the lack of a marketing contract after reasonable attempts to secure same, or lack of production or marketing facilities, and if this Lease is not then being otherwise maintained by separate operations or production, this Lease shall, nevertheless, remain in full force and effect for a period of ninety (90) days after cessation of such production or such operations, or the shutting in of such well. If, on or before the expiration of the ninety (90) day period, production or operations shall not have been commenced or resumed, Lessee, in order to maintain the Lease in force thereafter, shall pay one or more semi-annual payments at the rate and in the manner provided herein below and thereby maintain the Lease in full force and effect during the period or periods covered by the payment or payments. If the ninety (90) day period should run during the first year of the primary term or during any year for which a rental has previously been paid or from which a rental has been exempted by drilling or production across an anniversary date, the initial payment hereunder shall not be required until the next anniversary date of the lease However, if operations or production ceases after the primary term, the first payment shall be made on or before the expiration of the ninety (90) day period and shall maintain this Lease for six (6) months, commencing from the expiration of the ninety (90) day period [Initial Oil Shut-in Period]. Should the securing of a marketing contract or production or marketing facilities not be accomplished during the Initial Oil Shut-in Period and production of oil established, despite diligent effort by Lessee and recognition of such effort on the part of the Lessee by the Board, the Board may grant an additional Oil Shut-in period, or periods, as warranted under the same terms herein stated and for the same consideration as herein below set forth. Failure to make or tender the Oil Shut-in payment on or before an Oil Shut-in payment due date shall terminate this lease.

The initial Oil Shut-in semi-annual shut-in payment, and any subsequent Oil Shut-in payment which may be granted, shall be at the rate of Fifty Dollars ($50.00) per acre multiplied times the then existing number of acres covered by this lease and being maintained by the shut-in well, but no such payment shall be less than One Thousand Dollars ($1,000.00). Each payment shall maintain this Lease in full force and effect for a period of six (6) months, and during each period for which a payment has been made, it shall be considered that oil is being produced hereunder for all purposes hereof; however if the provisions of this paragraph are in conflict with those of any other paragraph hereof, the provisions of this paragraph shall be controlling.

If on any Oil Shut-in payment date, actual drilling operations are being conducted on or actual production of oil in paying quantities is being obtained from the lease premises, no Oil Shut-in payment shall be due.

If a subsequent Oil Shut-in payment is denied by Lessor because Lessee has failed to demonstrate sufficiently to Lessor that it is diligently, and in good faith, attempting to remedy the lack of facilities to produce or market the product or obtain a market contract for the product, then on the last day of the previously paid Oil Shut-in period, this lease shall terminate unless it can be maintained under other provisions hereof, including a full rental payment if applicable during the primary term.

BE IT FURTHER RESOLVED, that the per acre rate for both oil and gas shut-in, in-lieu royalty payments shall be Fifty ($50) Dollars and that the present shut-in gas well provision in the present State and State Agency mineral lease form be amended to reflect the rate of Fifty ($50) Dollars per acre.

BE IT FURTHER RESOLVED, and the Board declares it as a policy matter, that, whenever a State mineral lessee desires to amend his lease, or leases, in any manner, in addition to the other required clauses to be included in the amendment and the new Force Majeure clause, he shall be required to include the shut-in oil well provision in the amendment and that the gas shut-in provision in the amended lease will reflect $50.00 per acre rather than $25.00 per acre and a minimum of not less than $1,000.00.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 11th day of April, 2012, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL BOARD

On motion of Mr. Arnold, seconded by Ms. LeBlanc, the following Resolution was offered and unanimously adopted:

BE IT RESOLVED that the Chairman, Vice-Chairman or Secretary of the Board is hereby authorized to execute the state mineral leases on its behalf.

BE IT FURTHER RESOLVED that it is the intent of this Resolution to provide for only one to sign and it is not necessary that all sign the leases.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 14th day of July, 2004, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

Lease Ownership

NEW POLICY

RESOLUTION

On motion of Mr. Sherrouse, seconded by Mr. Jones, the Board adopted the following Resolution:

WHEREAS, by statute, the State Mineral Board is required to approve all transfers of interests in state leases, and,

WHEREAS, many assignments and other transfers of interests submitted to the Board for its approval are not on their face precise as to the interest owned, conveyed and retained, and,

WHEREAS, to expedite the work of the Board in keeping its records so as to fulfill its statutory duties,

BE IT RESOLVED, that all interested parties doing business with the Board be and they hereby are requested to submit proper explanatory data along with any submitted transfers of interest so that the Board may determine the exact interest held, conveyed and retained.

BE IT FURTHER RESOLVED, that Louisiana State Mineral Board Form B, with accompanying instructions, attached hereto and made a part of this resolution, be and it is approved.

BE IT FURTHER RESOLVED, that the use of Louisiana State Mineral Board Form B as instructed, be and it hereby is recognized as compliance by any transferor with the request for explanatory data which is the objective of this resolution.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 9th day of September, 1965, pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

Lease Ownership

ita Mineral Board
Baton Rouge, Louisiana
Form B.

Effective Date _____

STATEMENT OF CONVEYANCE

State Lease No. _____ or
Operating Agreement No. _____

Conveyer _____

or MB se ode		Working Interest Decimals	Royalty Interest Decimals	Overriding Royalty Interest Decimals	Other Interest (Describe) Decimals	Total Decimals
	Owner's Interest before Conveyance					
	Owner's Interest after Conveyance					
	Interest Conveyed by Owner					
	Name of Transferee					
	Totals					

If interest conveyed is based on only a portion of the lease or operating agreement describe the portion on which based. _____

Action taken by Mineral Board at meeting held on _____

☐ Approved ☐ Disapproved

Comments _____

By _____

Date _____

Note: All decimals should be based on 1 (working interest royalty interest, overriding royalty interest, etc. combined).

RESOLUTION

Upon motion of Mr. West, seconded by Mr. Huls, the Board adopted the following Resolution:

BE IT RESOLVED that the assignments and subleases on this Docket, as well as all future assignments and subleases be approved subject to the following terms.

"This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument;

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral Board for the State of Louisiana, it being distinctly understood that the State Mineral Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board; and

3) That in the event any owner or owners of a leasehold working interest in the basic lease responsible to the lessor therein for development of the leased premises, whether such interest is created by the basic lease, assignment or sublease thereof, releases or agrees to release such leasehold working interest in the leased premises or in a segregated portion thereof, then all owners of such leasehold working interests or of rights to acquire such an interest agree to join in a release or to otherwise execute a similar release of their leasehold interests or rights to said lessor, it being provided, however, that any release to said lessor purporting to cover the entirety of such leasehold working interests in the leased premises or in a segregated portion thereof shall be binding and effective on the interests of all owners of interests in the lease, relegating any non-signatory party to such remedy, if any, as such party may have against the owner or owners executing the release.

4) That for purposes of recordation and notice certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby."

BE IT FURTHER RESOLVED that the language herein contained be made a part of all future assignments where it is deemed necessary, advisable and applicable by Legal Counsel for the Board.

BE IT FURTHER RESOLVED that the Secretary be and he is hereby authorized and directed to include this resolution as notice to the Industry through the regular mailing list of this establishment of policy by the Board.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 11th day of September, 1974, pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

L. J. Bonneau

Secretary, State Mineral Board

Policy Specia

RESOLUTION

A motion was made by Mr. Berrigan, seconded by Mr. West, and when put to a vote the following Resolution was unanimously adopted:

"BE IT RESOLVED by the State Mineral Board for the State of Louisiana, upon the joint recommendation of the Board's Policy and Legal Committees, that in furtherance of the continuing efforts by the State Mineral Board, its various Committees and staff to obtain proper explanation and commitments for compliance with the indivisible lease obligations due the State by several lessees under the same State lease, and in order to minimize the difficulties being experienced in such cases, it is hereby declared to be a policy of the Board that, if at any time a State lease or any portion thereof becomes owned by two or more lessees by assignment, sublease or otherwise, such lessees shall designate in writing to the Board the lessee representing the joint account of the lessees and responsible for discharge of indivisible obligations of all lessees under the lease, and that at the Board's election failure of such lessees to comply with said policy can result in withholding of approval or recognition by the Board of any pending or future assignment or transfer of an interest in the lease."

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 10th day of September, 1975, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

RESOLUTION

On motion of Mr. Bryan, seconded by Mr. Moore, the following Resolution was offered and adopted:

WHEREAS, the State Mineral Board is desirous of protecting the interests of the State of Louisiana in the mineral leases it administers; and

WHEREAS, in order to fulfill this responsibility, it is necessary for the State Mineral Board to be informed of the bankruptcy status of any party named in any transfer of any interest in a state lease prior to consideration of any such transfer; and

WHEREAS, notice of bankruptcy status of state lease interest owners or assignees may not be available to the State Mineral Board at the time a transfer is docketed for Board consideration;

NOW THEREFORE BE IT RESOLVED by the State Mineral Board that the following language be added to the standard docket resolution form as a condition of approval to any transfer thereunder:

> "That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution."

BE IT FURTHER RESOLVED that a copy of this Resolution be directed to all parties on the Board's regular mailing list.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 1983, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Edward A. R. Boren
State Mineral Board

RESOLUTION

On motion of Mr. Cascio, seconded by Ms. Isby, the following Resolution was offered and adopted:

WHEREAS, R.S. 30:1 states that no transfer of interest or assignment of interest in a State Lease is valid unless approved by the Board; and

WHEREAS, many assignments are submitted to the Board containing reversionary rights of one type or another; and

WHEREAS, reversionary rights, particularly those which are perfected after well or field payout, impair the States' ability to maintain its records of working interest owners of State Leases due to failure by lessee to notify the State when payout occurs; now

THEREFORE, BE IT RESOLVED, that any assignment containing a reversionary right of any kind which is hereafter submitted to the Board for approval will not be approved so long as language referring to reversionary rights is contained therein.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 10th day of August, 1994, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

On motion of Mr. Jarrell, seconded by Mr. Williams, the following Resolution was offered and adopted:

WHEREAS, the State Mineral Board in the administration of oil, gas and mineral leases in the public domain have sought to foster and provide reasonable development on oil, gas and mineral leases; or in lieu thereof, to request and accept releases of portions of the leased acreage as may be agreed upon between the Board, its committees and the industry;

WHEREAS, it is to the State's advantage to make known to the industry and other interested persons the fact and location of acreage so returned to the State by its lessees;

WHEREAS, in order to expedite the submission of reasonably accurate information to the industry in a minimum period of time;

BE IT RESOLVED that the Board request industry representatives, when submitting partial releases, to include a plat on which the acreage to be returned to the State is clearly shown; said area to be released described by Lambert Coordinates or by Township and Range where applicable.

BE IT FURTHER RESOLVED that the Secretary be and he is hereby authorized and directed to include with the regular mailing list a reasonable facsimile plat showing the acreage returned to the State and now available for lease.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 13th day of May, 1970, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

The legal advisors to this Board, who are required to approve as to form and legality all instruments of assignment, amendments, unitization agreements and other legal documents requiring action on the part of this Board, have requested that the following be complied with in all such instruments to be placed on the docket for consideration by said Board:

1. An adequate resolution by the Board of Directors authorizing the person or persons to execute instruments in behalf of the company or corporation.

2. In instruments of assignment, that assignor and assignee jointly execute the instrument.

Special Notice: September 25, 1956

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Transfer and Assignment fee change

#15-07-052
(DOCKET REVIEW COMMITTEE)

WHEREAS, La. R.S. 30:128 charges the State Mineral and Energy Board (Board) with responsibility for considering requests to transfer and assign leases of minerals and mineral rights owned by the State; and

WHEREAS, no transfer or assignment of such a lease is valid without approval of the Board; and

WHEREAS, La. R.S. 30:128 authorizes the Board to charge a fee of One Hundred ($100.00) Dollars as compensation for the costs of preparing and docketing transfers and assignments of such leases; and

WHEREAS, La. R.S. 30:135 requires that the Office of Mineral Resources (OMR) provide the necessary staff functions to assist the Board in its leasing, supervisory and related activities; and

WHEREAS, this statutory mandate includes and necessarily requires that OMR review, research, determine the propriety of and process requested transfers and assignments; and

WHEREAS, OMR each month receives numerous requests to transfer and assign such leases; and

WHEREAS, the processing of requests to transfer and assign such leases requires the time, effort and industry of OMR Staff; and

WHEREAS, application by OMR Staff of the fee provision set forth in La. R.S. 30:128 requires clarification; and

WHEREAS, OMR Staff recommends that the Board adopt the following application of the fee provision set forth in La. R.S. 30:128:

> The Board shall impose the statutorily authorized fee in the amount of One Hundred ($100.00) Dollars for reviewing, researching and processing requested transfers and assignments of leases of minerals or mineral rights owned by the state. This fee shall be applied to each state lease for which an interest is requested to be transferred or assigned. This fee is non-refundable and due upon submission to OMR of the request for transfer or assignment.

ON MOTION of Mr. Arnold, seconded by Mr. Sanders, after discussion and careful consideration, the foregoing OMR Staff recommendation was offered and unanimously accepted by the Docket Review Committee.

WHEREAS, after discussion and careful consideration of the foregoing OMR Staff recommendation and action of the Docket Review Committee;

ON MOTION of Mr. Arnold, seconded by Mr. Sanders, the following Resolution was offered and unanimously adopted by the Board:

NOW THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board hereby adopts the following application of the fee provision set forth in La. R.S. 30:128:

> The Board shall impose the statutorily authorized fee in the amount of One Hundred ($100.00) Dollars for reviewing, researching and processing requested transfers and assignments of leases of minerals or mineral rights owned by the state. This fee shall be applied to each state lease for which an interest is requested to be transferred or assigned. This fee is non-refundable and due upon submission to OMR of the request for transfer or assignment.

BE IT FURTHER RESOLVED that the State Mineral and Energy Board directs OMR Staff to immediately commence applying this fee to each state lease for which a transfer or assignment is requested.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 8th day of July, 2015 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION # 15-09-043

(Docket Review Committee)

WHEREAS, pursuant to La. R.S. 30:128, no transfer or assignment of any mineral lease or mineral rights owned by the State of Louisiana (State) is valid unless approved by the State Mineral and Energy Board (Board); and

WHEREAS, pursuant to La. R.S. 30:129, the Board has full supervision of all mineral leases granted by the State and is authorized to take any action for the protection of the interests of the State; and

WHEREAS, by Resolution dated September 9, 1965, the Board requires proper explanatory data regarding transfers or assignments to enable it to determine the exact interest held, conveyed and retained; and

WHEREAS, by Resolution dated September 11, 1974, the Board requires that assignments, subleases and other such transfers be subject to certain terms and conditions; and

WHEREAS, by Resolution dated September 10, 1975, the Board requires that lessees designate, in writing, the lessee representing the joint account of lessees when any State Lease or portion thereof becomes owned by two or more lessees by assignment, sublease or other such transfer; and

WHEREAS, by Resolution dated July 13, 1983, the Board requires that the parties requesting an assignment, sublease or other such transfer of interest in a State Lease disclose the pendency of bankruptcy proceedings, which disclosure shall be specifically recognized in the Board's Resolution addressing such request; and

WHEREAS, OMR Staff has determined that the mandatory use of certain forms is the best means by which to ensure compliance with the Board's requirements set forth in the foregoing Resolutions; and

WHEREAS, OMR Staff recommends that the following forms be used to provide the Board the information required by these Resolutions:

- Form A: Acknowledgment and Estoppel Certification
- Form B: Statement of Conveyance
- Form C: Certification of Bankruptcy Status
- Form D: Designation of Joint Account Lessee

WHEREAS, OMR Staff further recommends, commencing October 1, 2015, that lessees requesting approval of assignments, subleases or other such transfers of interest in a State Lease be required, contemporaneously with such request, to submit these forms, fully executed, for Board consideration; and

WHEREAS, after presentation of the foregoing recommendations by OMR Staff, as public comment, Mr. Pat Theophilus, Theophilus Oil, Gas & Land Services, LLC, requested that action be delayed in implementing the required use of Form A (Acknowledgment and Estoppel Certification) to afford industry time to review and comment on the substance of said form.

ON MOTION of Mr. Chustz, seconded by Mr. Sanders, after discussion and careful consideration of the foregoing OMR Staff recommendations and public comment, the Docket Review Committee, by unanimous vote:

a) Delayed action on implementation of Form A (Acknowledgment and Estoppel Certification);
b) Afforded the public and industry the opportunity, through October 10, 2015, to offer comments regarding the proposed use of Form A;
c) Accepted OMR Staff's recommendation to implement the required use of Form B (Statement of Conveyance), Form C (Certification of Bankruptcy Status) and Form D (Designation of Joint Account Lessee); and
d) Accepted OMR Staff's recommendation that lessees requesting Board approval of assignments, subleases or other such transfers of interest in a State Lease be required, contemporaneously with such request, to submit Forms B, C and D, fully executed, for Board consideration.

WHEREAS, in response to the foregoing OMR Staff recommendations and action of the Docket Review Committee;

ON MOTION of Mr. Sanders, seconded by Mr. Cordaro, the following Resolution was offered and unanimously adopted by the Board:

> **NOW THEREFORE, BE IT RESOLVED** that the Board hereby adopts for use the following forms to provide the information required by the Board to evaluate requests for approval of assignments, subleases or other such transfers of interest in a State Lease:
>
> - Form B: Statement of Conveyance
> - Form C: Certification of Bankruptcy Status
> - Form D: Designation of Joint Account Lessee

BE IT FURTHER RESOLVED, commencing October 1, 2015, that lessees requesting such approval are required, contemporaneously with such request, to submit these forms, fully executed, for Board consideration.

BE IT FURTHER RESOLVED that implementation of the required use of Form A (Acknowledgment and Estoppel Certification) be delayed to afford the public and industry, through October 10, 2015, time to review and provide comments to OMR regarding the proposed use of Form A in conjunction with requests for approval of assignments, subleases or other such transfers of interest in a State Lease.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 9th day of September, 2015 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and in compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of the Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL BOARD

Legal and Title Controversy Committee

ON MOTION, of Mr. Dangerfield, seconded by Mr. West, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by OMR Staff that the Louisiana State Mineral Board delegate authority to accept or decline certain minor discrepancies made in the amounts issued by industry for payment of rentals and/or deferred development to Gus Rodemacher, Secretary, State Mineral Board and Secretary, Office of Mineral Resources, or his designee(s).

WHEREAS, after discussion and careful consideration by the State Mineral Board, a decision has been reached:

NOW BE IT THEREFORE RESOLVED, that the request made by OMR Staff that the Louisiana State Mineral Board delegate authority to Gus Rodemacher, Secretary, State Mineral Board and Secretary, Office of Mineral Resources, or his designee(s) to accept or decline discrepancies made in the amounts issued by industry for payment of rentals and/or deferred development payments is granted but not to exceed the amount of $1,000.00.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 13th day of April, 2005, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.

Louisiana State Mineral Board

RESOLUTION

On motion of Mr. Dailey, seconded by Mr. Cascio, the following Resolution was offered and unanimously adopted:

WHEREAS, the Mineral Board, at its June 14, 1995 meeting, adopted a Resolution stating that the fact finding committee would require additional information from Lessees in the fact finding process after August 8, 1995, which would include information regarding number and status of all wells located on Lessee's lease and the provisions for plugging and abandoning those wells; and

WHEREAS, the Mineral Board, at its June 14, 1995 meeting, adopted a Resolution stating that all assignments or other transfers of state leases, or portions thereof, occurring after August 8, 1995 would not be approved unless the operator of said lease established a site specific trust account under the provisions of Act 404 of the 1993 Regular Session of the Louisiana Legislature to provide for the plugging and abandonment of all wells on said leases; and

WHEREAS, the Mineral Board has not as yet established any policies or procedures for implementing the above set forth Resolutions and, therefore, it is in the best interest of the State and its Lessees that the implementation of those said Resolutions be delayed until such policies and procedures have been established.

NOW THEREFORE, BE IT RESOLVED THAT:

The implementation of the June 14, 1995 Resolutions regarding site-specific trust accounts on existing leases prior to assignment or other transfer of interest and the incorporation into the fact finding process of an inquiry into the financial ability of Lessees relative to plugging and abandoning and cleaning up well sites shall be postponed until the Mineral Board staff has prepared such policy guidelines and procedures to be adopted by the Mineral Board as will be necessary to govern the administration of said state leases with due regard to the requirements of those Resolutions.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 9th day of August, 1995, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

Geology and Lease Maintenance

RESOLUTION

WHEREAS, at a regular meeting of the State Mineral Board held on August 20, 1964, the Board considered a revised Document IV Special agreement form which is to be used in all future instances where lessees desire to qualify their leases pursuant to the Interim Agreement dated October 12, 1946.

WHEREAS, the form normally used was amended in order to be compatible with Act 311 of 1964.

WHEREFORE, on motion of Senator Jones, seconded by Mr. Jarrell, the Board voted to adopt the following resolution:

BE IT RESOLVED, That the State Mineral Board approve the revised Document IV Special form as submitted by Attorneys for the Board and that said form be used in the future.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 20th day of August, 1964, pursuant to due notice, at which meeting a quor was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

C. J. Bonnecarrere, Secretary

RESOLUTION

On motion of Mr. L. D. Jones, seconded by Mr. Morris Cheramie the following Resolution was adopted:

BE IT RESOLVED that the Chairman of the State Mineral Board be and he hereby is authorized to execute "Document IV" instruments and variations thereof where appropriate and when submitted on forms heretofore approved by the Board and approved by the Attorney General as to form and legality and as contemplated by the "Interim Agreement."

BE IT FURTHER RESOLVED that such instruments as have heretofore been executed by the Chairman be and they hereby are expressly ratified.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 14th day of April, 1966, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

WHEREAS, the Fact Finding Committees of the State Mineral Board are required as a part of their duties to examine the various state leases held by production and/or development; and

WHEREAS, in the conduct of such investigations certain information requested of the lessees as to how a lease has been maintained from its inception to the present time has been difficult to secure; and

WHEREAS, in certain instances the said information is vitally necessary to effectually complete such investigations and subsequent recommendations to the Board;

NOW, THEREFORE, BE IT RESOLVED, that the Fact Finding Committees of the Board be asked to prepare an appropriate questionnaire designed to solicit the necessary and required information and to submit said questionnaire to the State's lessees when and where deemed necessary and advisable;

BE IT FURTHER RESOLVED, that should any company, corporation or individual refuse to submit the requested information that upon recommendation of the Fact Finding Committee and subsequent adoption by the Board, such matter or matters be submitted to the Attorney General's Office with the request that appropriate steps be taken to assure necessary compliance and submission of factual data desirable and necessary in the discharge of the Committee or Committee's responsibilities.

Adopted: March 11, 1965

R E S O L U T I O N

On motion of _____, seconded by _____, the Board adopted the following Resolution:

WHEREAS, the Policy Committee of the Board has recommended the establishment of standardized staff procedures for processing state leases for fact finding.

BE IT RESOLVED, that the staff is directed to process all state leases for fact finding in accordance with the procedures outlined and set forth on the attached document styled "STATE MINERAL BOARD PROCEDURES FOR PROCESSING STATE LEASES FOR FACT FINDING", which document is attached hereto and made a part of this Resolution and which is further identified by signature of Dr. Henry V. Howe, Chairman, State Mineral Board, dated January 13, 1966.

C E R T I F I C A T E

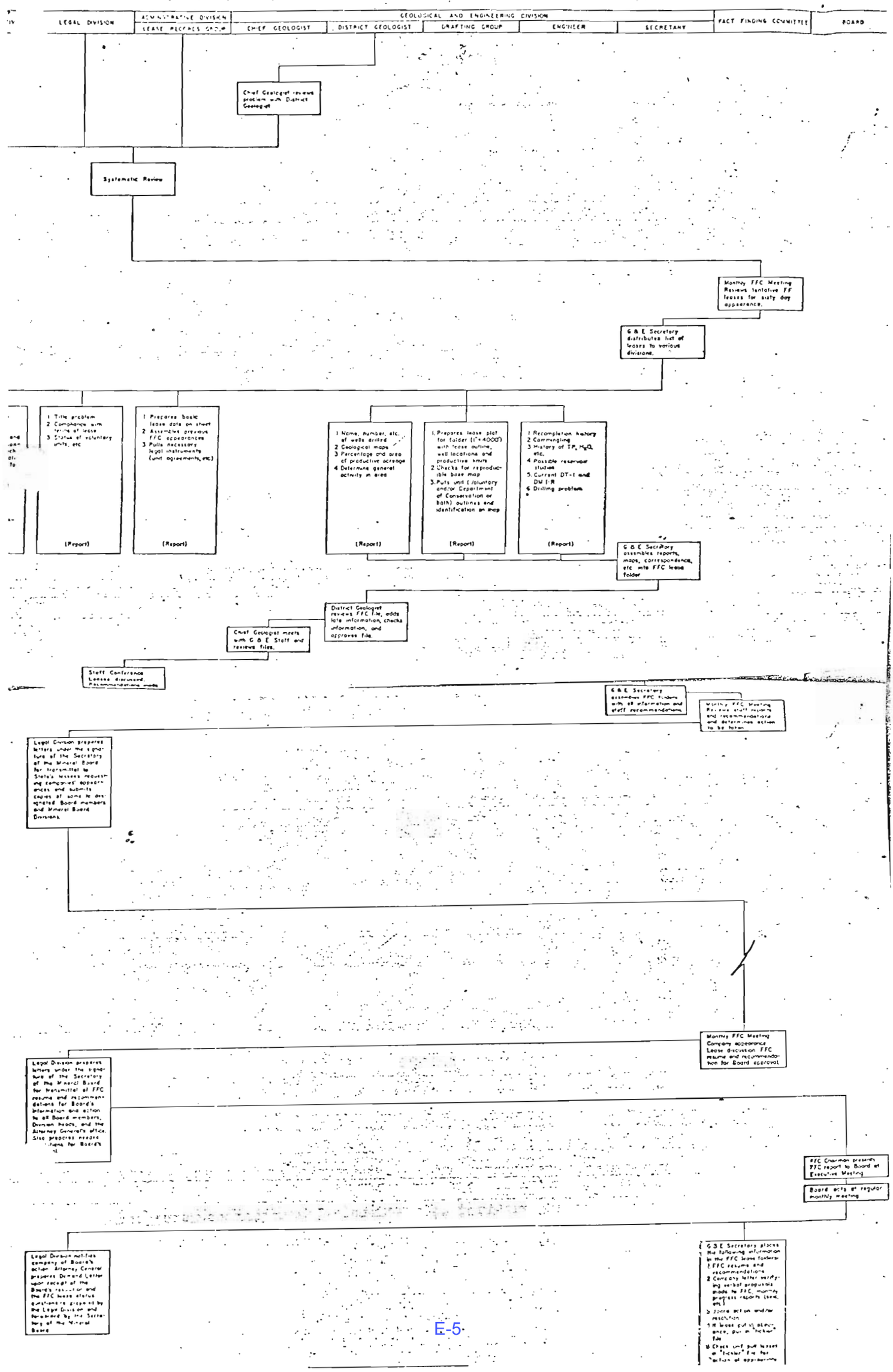
I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 13th day of January, 1966, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

_____
C. J. Bonnabeaume, Secretary
State Mineral Board

STATE MINERAL BOARD

PROCEDURE FOR PROCESSING STATE LEASES FOR FACT FINDING

(Any division should subject a lease for Fact Finding Committee review in the event of an inequity.)



Geology and Lease Maintenance

On motion of Mr. Jones, seconded by Mr. Jarrell, the Board adopted the following Resolution:

WHEREAS, the Commingling Committee and the Policy Committee of the Board recommend that standards be established for guidance of the staff in processing commingling proposals submitted to the Board;

BE IT RESOLVED, that the staff be and it is authorized to approve:

1) All inshore commingling matters that comply with the provisions of Department of Conservation Order No. 29-D;

2) All offshore commingling matters that comply with the Supplement to Order No. 29-D, in which the operators additionally have provided for positive measuring or metering of production from the individual fields in a common system, and/or from separate leases having differing State royalty interests within a field;

3) Proposals involving production from new units, if commingled on same basis as previously authorized for production from the leases contributing to these units;

4) Addition of leases or units to an existing system if in conformance with established authority within the field;

5) Allocation of production, from leases providing for a common State royalty, on the basis of bi-monthly (DMI-R) well tests;

6) Proposals involving allocation of liquids recovered by dehydration units, scrubbers, precipitators, skimmers, settling pits, gunbarrels and/or similar types of equipment serving a number of leases;

7) Applications involving secondary recovery projects where there is marginal production;

BE IT FURTHER RESOLVED, that all other commingling matters be processed by the staff and submitted with its recommendations to the appropriate committee designated by the Board;

BE IT FURTHER RESOLVED, that all previous commingling policy resolutions of this Board, namely those dated August 1964, March 1965, June 1965, January 1966 and January 1970, be and they are hereby set aside, insofar as they conflict with this resolution.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 11 day of August 1971, pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

E. J. Bonneau

Secretary, State Mineral Board

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RESOLUTION

On motion of Mr. Wooten, seconded by Mr. Scott, the following Resolution was offered and unanimously adopted.

WHEREAS, the State Mineral Board declares that a significant part of its duties and responsibilities to the State of Louisiana in connection with the leasing of state lands and waterbottoms for oil and gas exploration and development is to:

a) insure the proper and timely clean up, closure and restoration of oilfield sites located on state lands and waterbottoms;

b) insure that lessees operating on state lands and waterbottoms have the resources to not only explore, develop and produce oil and gas, but to provide for proper and timely plugging, abandonment and site restoration at such time in the future as required; and

c) minimize the state's financial liability for plugging, abandonment and site restoration of wells without responsible parties in the spirit of Act 404 of the Regular Session of the 1993 Louisiana Legislature (La.R.S. 30:80, et seq.).

NOW THEREFORE, BE IT RESOLVED THAT:

The fact finding process of the fact finding committee, the Board and its staff will be broadened to include inquiry as to the plans of operators and state lessees to provide for proper and timely cleanup, closure and restoration of oilfield sites located on state lands and waterbottoms and for proper plugging and abandonment of wells drilled on state lands and waterbottoms. Operators will be expected to furnish the following:

a) plat showing the location of all wells and oilfield sites located on state leases; and

b) current status, plans for utility and plugging and abandonment of each well and restoration of each oilfield site.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 13th day of December, 1995, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

On motion of Mr. Blackmar, seconded by Mr. Kind, the following resolution was adopted:

BE IT RESOLVED, that a clause be added to all Unitization and Pooling Agreements which are commonly called drilling units or units which do not have a well drilled within the unit at the time of execution of the agreement by the State Mineral Board:

> "In the event any well drilled on the aforesaid unit is abandoned as a dry hole, or if a producer, production thereafter ceases, this agreement shall terminate * 90 days after such abandonment or cessation of production; provided, however, that if reworking operations or operations for the drilling of another well in search of oil, gas or other minerals are commenced on property covered by the unit within * 90 days, this unit shall remain in full force and effect so long as such operations are being conducted thereon without a cessation of more than * 90 days between the abandonment of one well and the reworking of the same well or the commencement of operations for the drilling of another well until production for oil, gas or other minerals is established. Except to the extent hereinabove limited, this agreement shall remain in effect as long as, but only as long as, the aforesaid lease (or leases) remain in full force and effect as to all of the property included within the boundaries of the aforesaid unit."

* The same number of days (either 60 or 90 days), as provided for in the applicable lease, which lessee has, after the primary term, to restore operations or begin new operations upon the cessation of production or the abandonment of a well. In the event there is no specified number of days provided in the lease, then the number of days shall not exceed 90 days.

NOTE: This resolution supersedes No. 24 in the present policy manual.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held on March 10, 1966, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

RESOLUTION

On motion of Mr. Sherrouse, seconded by Mr. Harold Woods, Jr., the following Resolution was adopted:

WHEREAS the Policy Committee at the request of the Chairman of the Board has reviewed the Board's policy regarding proposed operating agreements pursuant to Sections 208 and 209, Title 30, Louisiana Revised Statutes and;

WHEREAS the committee has concluded its study and finds that the existing policy is sound and needs no changing.

BE IT RESOLVED that the Board reaffirm the existing policy regarding these matters which was adopted by a previous Board on March 21, 1957, a copy of which is attached hereto and made a part hereof.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 14th day of April, 1966, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

_____

Secretary, State Mineral Board

IMPORTANT NOTICE

TO: THE OIL & GAS INDUSTRY and ALL OTHER INTERESTED PARTIES DOING BUSINESS WITH THE STATE MINERAL BOARD

FROM: C. J. BONNECARRERE, Secretary

RE: POLICY ANNOUNCEMENT

The following two policy announcements affecting State of Louisiana lessees were brought to the attention of Industry representatives and other interested parties attending the Mineral Board's regular meeting and lease sale in Baton Rouge, Louisiana, August 11, 1966, and are hereby referred through our regular mailing channels.

1) ".....I have been asked by the Lieu Royalty Committee of the Board to advise you that the committee desires two weeks notice of your intention to test gas wells that you intend to qualify and shut in on or affecting state leases. The Lieu Royalty Committee feels that it would like to be represented by a staff member when such tests are made on some of these wells. We request industry's cooperation."

2) ".....The State Mineral Board has asked that I inform you that the Engineering staff of the Board in thirty (30) days will commence an on site review of all commingling proposals which have previously been approved by the Board. This review shall be for the purpose of verifying that all such commingling facilities conform to the proposals as approved by the Board. The Board respectfully requests that industry cooperate fully with its staff so that this review may be carried out timely.

We recognize that individual recipients of this notice may not be vitally concerned and it is respectfully requested and urged that you bring this announcement to the party or parties in your organization who may have need of this important policy directive.

Respectfully submitted,

C. J. Bonnecarrere, Secretary

8/12/66

WHEREAS, the State Mineral Board from time to time requests the Attorney General to write formal letters of demand to lessees of State acreage, giving 90 days from the date of the letter, in which to commence the drilling of a well, and,

WHEREAS, the Board is of the opinion that 90 days is an insufficient time in which to commence drilling in those areas lying offshore, due to the more complex methods and special equipment necessary in these areas,

NOW THEREFORE BE IT RESOLVED, that it is hereby declared to be the policy of the Board that demands to commence drilling on inland areas carry a time limit of 90 days, and that demands to commence drilling in offshore areas carry a time limit of six months.

Adopted: June 10, 1965

RESOLUTION

On motion of Mr. Howard, seconded by Mr. Garber, the Board adopted the following Resolution:

WHEREAS, the Board, on August 11, 1971, adopted a resolution authorizing the Staff to approve commingling proposals under certain guidelines set out therein, and

WHEREAS, modification of prior approvals is required to effectuate consolidation or modernization of existing facilities in the interest of economics, to comply with governmental regulations, or to replace damaged structures and/or equipment,

BE IT RESOLVED, that there be added to the resolution of August 11, 1971, as Item 8), the following:

8) "Proposals involving modification of current practices as required to effectuate consolidation or modernization of existing facilities, when such proposals conform to the conditions set forth above."

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 9th day of July, 1975, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

L. J. Bonnecarrère

Secretary, State Mineral Board

RESOLUTION

On motion of Mr. Berrigan, seconded by Mr. Favret, the following Resolution was offered and adopted:

WHEREAS, the Board on April 11, 1973, adopted a Policy Resolution with regard to waiver of Department of Conservation Statewide Order 29-E spacing requirements which is as follows:

" BE IT RESOLVED, that the Secretary or Staff member designated by him, be and he is authorized on behalf of the Board to waive Department of Conservation Statewide Order 20-E spacing requirements, PROVIDED, a reasonable unit for the well involved is proposed and pending, and when formed, the State's royalty is adjusted and/or paid to original production based on unit participation.", and,

WHEREAS, the Policy Committee considered at its meeting on February 10, 1976 that the customary 90 days previously allowed the Lessee and/or Operator for the formation of a reasonable unit may not be sufficient time,

NOW THEREFORE BE IT RESOLVED that upon the recommendation of the Policy Committee the Board's Policy Resolution of April 11, 1973 be amended to allow 180 days after the completion date of the well within which to form a reasonable unit,

BE IT FURTHER RESOLVED that the Secretary of the Board is hereby directed to circulate copies of this Resolution in the Industry to notify Lessees of the amended policy of the Board.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 11th day of February, 1976, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Non-Exclusive
Seismic Permit Fees

Resolution #16-07-007
(NOMINATION AND TRACT COMMITTEE)

WHEREAS, La. R.S. 30:215 requires that the State Mineral and Energy Board (Board) at least annually set a per acre fee to be paid for non-exclusive permits to conduct seismic, geophysical and geological surveys upon state-owned lands and/or water bottoms; and

WHEREAS, La. R.S. 30:215 further requires that this fee be set based upon market value and fixed in a per acre amount of no more than Thirty ($30.00) Dollars and no less than Five ($5.00) Dollars; and

WHEREAS, the Board last met on July 8, 2015 for the purpose of setting the per acre fee to be paid for such permits; and

WHEREAS, the Board now is required to again set the per acre fee for such permits; and

WHEREAS, the Staff of the Office of Mineral Resources (OMR) has received and reviewed all information available for determining the fair market value for such permits; and

WHEREAS, OMR Staff offered the following recommendation for such fees for consideration by the Nomination and Tract Committee:

> That the State Mineral and Energy Board herein and hereby set a fee of $15.00 per acre, or $1000.00, whichever is greater, for a non-exclusive seismic permit on lands belonging to the State of Louisiana under the jurisdiction of the Wildlife and Fisheries Commission (WFC), including wildlife management areas, wildlife refuges, public shooting grounds, or other outdoor recreation areas.

That the State Mineral and Energy Board herein and hereby set a fee of $15.00 per acre, or $1,000.00, whichever is greater, for a non-exclusive seismic permit on all other lands and water bottoms belonging to the State of Louisiana.

ON MOTION of ***Mr. Haik,*** seconded by ***Mr. Harris,*** after discussion and careful consideration, the foregoing OMR Staff recommendation was offered and unanimously accepted by the Nomination and Tract Committee.

WHEREAS, in response to the foregoing OMR Staff recommendation and approval of the Nomination and Tract Committee:

ON MOTION of ***Mr. Segura,*** seconded by ***Mr. Haik,*** after discussion and careful consideration, the following Resolution was offered and unanimously adopted by the Board:

NOW THEREFORE, BE IT RESOLVED:

That the State Mineral and Energy Board herein and hereby set a fee of $15.00 per acre, or $1000.00, whichever is greater, for a non-exclusive seismic permit on lands belonging to the State of Louisiana under the jurisdiction of the Wildlife and Fisheries Commission (WFC), including wildlife management areas, wildlife refuges, public shooting grounds, or other outdoor recreation areas.

That the State Mineral and Energy Board herein and hereby set a fee of $15.00 per acre, or $1,000.00, whichever is greater, for a non-exclusive seismic permit on all other lands and water bottoms belonging to the State of Louisiana.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 13th day of July, 2016 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

ON MOTION of Mr. Arnold, seconded by Ms. Smith, the following resolution was offered and unanimously adopted:

WHEREAS, present Louisiana State Mineral and Energy Board policy requires that a gas well be completed and tested as capable of producing in paying quantities before it is qualified and in-lieu royalty payments allowed to maintain the lease absent facilities to produce; and

WHEREAS, in the Haynesville Shale development area, wells drilled which would ordinarily be able to be qualified as capable of producing in commercial quantities by a well test upon completion, are often unable to be so qualified due to a shortage of established infrastructure (flow lines) to facilitate the ability to test the well; and

WHEREAS, to complete such a well without the capacity to flow gas once fracturing is accomplished would often lead to high probability of damage to the well and the formation; and

WHEREAS, when a Lessee has invested large amounts of capital with the State to have a well drilled and otherwise, but for lack of infrastructure, said well would be capable of being completed and tested, and would allow for payments of in-lieu royalty to maintain the lease if full production could not be accomplished; and

WHEREAS, due to this situation the State, in order to continue to facilitate development of gas in the Haynesville Shale, finds it a matter of beneficial public policy to allow the lessee to qualify a well without the necessity of a well test when there is a lack of infrastructure (flow lines) to conduct a well test, and pay an in-lieu royalty payment to maintain the lease beyond a critical date, if the lessee actually establishes production within the six (6) month period granted by the in-lieu payment.

NOW, BE IT THEREFORE RESOLVED, that the Louisiana State Mineral and Energy Board, as matter of beneficial public policy, shall allow the Lessee of a lease in the Haynesville Shale on which a well drilled to the Haynesville Shale structure, to qualify said well without the necessity of a well test only when there is a lack of infrastructure (flow lines) necessary to flow gas to conduct a well test, and pay an in-lieu royalty payment to maintain the lease beyond a critical date, conditioned upon the lessee actually establishing production within the six (6) month period granted by the in-lieu payment. If no production is so established the well will be deemed incapable of producing in paying quantities and, following the initial in-lieu payment period, this lease may only be maintained under its terms of the lease as if no qualification for in-lieu payments had been rendered.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 10th day of March, 2010, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaughn

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

On motion of Mr. Jones, seconded by Mr. Kiesel the Board adopted the following Resolution:

BE IT RESOLVED, that all proposed units for the purpose of secondary recovery and/or cycling be submitted to the Board for consideration, and that the Staff be and is hereby authorized to approve for the Board in writing all such projects which are confined to one lease or to an existing non-injection unit, providing that where extraneous gas and/or other hydrocarbons are to be injected the agreement shall specify reimbursement for recovered or produced injected substances in conformance with the policy of the Board in effect at the time the agreement is made.

BE IT FURTHER RESOLVED, that the Chairman or Secretary be empowered to sign any agreement or instrument covering the above projects previously approved by the Staff.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 8th day of December, 1971 pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Miheral Board

RESOLUTION

On motion of Mrs. Abell, seconded by Mr. Moore, the following Resolution was offered and adopted:

WHEREAS, at the request of the Legal and Title Controversy Committee, the Policy Committee has reviewed the Board's policy first adopted on March 21, 1957 and thereafter affirmed, regarding approval of operating proposals proposed pursuant to the Board's authority under LSA-R.S. 30:208 and 209; and

WHEREAS, more recently the Board has approved several operating proposals under exceptional and unique situations involving unleased unit tracts deemed to be non-competitive, tracts of questionable title status and involving inadvertent forfeiture of producible leases, all deemed necessary to effect equity and clearly benefit the State; and

WHEREAS, the Committee finds nevertheless, that the existing policy looking with disfavor on operating agreements generally is sound and should not be changed;

NOW, THEREFORE, BE IT RESOLVED that the Board reaffirm the existing policy adopted March 21, 1957, a copy of which resolution is attached hereto and made part hereof, and that the Board continue its policy of looking with disfavor upon operating proposals generally, reserving to the Board its right to evaluate on a case by case basis any such proposal on its own merits, such proposals to be rejected absent a clear showing that the agreement is in the best interest of the State in each particular instance.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 8th day of July, 19 81, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL BOARD

ON MOTION of Mr. Arnold, seconded by Mr. Stiel, the following Resolution was proposed and unanimously adopted:

WHEREAS, in the course of developing state mineral leases, wells are drilled thereon which will ultimately be unitized, but which are capable of production prior to the unitization and, for reasons of market, well integrity or other good and sufficient reason, Lessees desire to produce and sell product prior to unitization, deposit the royalty funds due all royalty payees in the proposed unit in an interest bearing account and, when the unit is ultimately formed, disburse the royalty funds so deposited on a unit allocated basis, and,

WHEREAS, it is often in the State's best interest to allow state mineral Lessees to so produce wells on or affecting state mineral leases proposed for unitization prior to unitization, deposit royalty funds into an interest bearing account and disburse the said royalty funds, after unit formation, on a unit allocated basis.

NOW THEREFORE, BE IT RESOLVED, that the Secretary of the Mineral Board and Staff member(s) designated by him, be and they are hereby authorized to grant permission to state mineral Lessees who have drilled a well on or affecting state mineral leases for which unitization is proposed, and who desire to produce said wells prior to unit formation, to deposit any royalty due the state, so long all royalty payees in the proposed unit likewise agree, into an interest bearing account at the best prevailing interest rates then available and disburse said funds after the unit has been formed on a unit allocated basis, PROVIDED, that the time elapsed between the beginning of production and the completion of the proposed unit is not unreasonable under the circumstances prevailing, and further PROVIDED, that any such waivers exercised by the Secretary and designated Staff member(s) are reported to the Fact Finding Committee at the next regular Mineral Board meeting following the exercise of said authority.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 11th day of December, 2002, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

STATE MINERAL BOARD

RESOLUTION

LOUISIANA STATE MINERAL BOARD

Legal and Title Controversy Committee

ON MOTION OF Mr. Noel, duly seconded by Mr. Arnold, the following Resolution was offered and unanimously adopted:

WHEREAS, some, but not all, State mineral leases (and Operating Agreements) include a clause generally known as a "Force Majeure" clause which speaks to lease maintenance in the face of natural disasters (such as major storms or major floods) or major accidents beyond lessee's control (such as blowout, fire or explosion) which shut down lease downhole drilling or downhole reworking operations (hereafter "lease operations") or production which has already commenced; which clauses do not address fortuitous events not within the limited categories named, but which nevertheless may shut down lease operations(or operations) or production and thus endanger lease maintenance, nor do the clauses address fortuitous events which prevent commencement of lease operations or production; and

WHEREAS, fortuitous events not within the limited categories of natural disasters or major accidents occasionally occur due to various causes beyond lessee's or operator's control which prevent commencement or continuation of lease operations (or operations)on or production from or attributable to the respective State mineral leases by which lease maintenance is endangered; and

WHEREAS, inconsistencies have occurred in the past in addressing the use of force majeure lease maintenance — both with regards to those leases containing a force majeure clause and those leases which have no such clause — to maintain in full force and effect those State mineral leases affected by fortuitous events which prevent commencement or continuation of lease operations (or operations)or production as the primary means of lease maintenance; and

WHEREAS, to clarify and facilitate the operation of force majeure in maintaining State mineral leases subjected to a fortuitous event which prevents commencement or continuation of lease operations (or operations) or production as the primary means of lease maintenance, the State Mineral Board desires to declare, as a matter of policy, how it and its staff will view the operation of force majeure in connection with maintenance of all State mineral leases and operating agreements, both those which include a force majeure clause (to the extent the lease language does not conflict with such policy, and absent a written agreement between the Lessor and Lessee amending the lease as regards force majeure) and those which do not, and the obligations, duties and rights of the respective parties concerned.

THEREFORE, BE IT RESOLVED that the State Mineral Board does herein declare as a matter of policy with respect to the occurrence of fortuitous events which may affect the maintenance of State mineral leases and Operating Agreements the following, to-wit:

1) Whenever a fortuitous event beyond the control of the lessee or operator occurs which may adversely affect lease maintenance of a State mineral lease or operating agreement which is otherwise being properly maintained in full force and effect at the time, it shall be incumbent on the lessee or operator to notify the State Mineral Board through the Office of Mineral Resources staff by telephone at (225) 342-9199, followed timely by written notice deposited in the U.S. mail or other recognized mail carrier for delivery to the Office of Mineral Resources, LaSalle Building, 617 North Third Street, Eighth Floor 70802, or P.O. Box 2827, Baton Rouge, Louisiana 70812, of said occurrence within a reasonable time after the fortuitous event itself, but certainly not more than ninety (90) days therefrom, unless consequential extenuating circumstances prevent the giving of notice within that time — the sufficiency of consequence and extenuation of said circumstances being within the sole, reasonable determination of the State Mineral Board. In the event of the occurrence of such consequential extenuating circumstances, as subsequently recognized by the Board, notice shall be given at the earliest time allowed by such circumstances. The required notice will clearly state: 1) How the lease was being maintained at the time of the occurrence of the fortuitous event. 2) The nature of the fortuitous event. 3) The resulting effect which prevents the commencement or continuation of lease operations or production. 4) The duration of the fortuitous event and resulting effects. 5) The estimated time necessary to clear up the effects of the fortuitous event.

2) Within a reasonable time of the occurrence of the fortuitous event and the written notice thereof lessee or operator shall send to the Office of Mineral Resources any and all evidence surrounding the effects of the fortuitous event — including, but not necessarily limited to, pictures, reports, damage assessments, correspondence between lessee/operator and third parties affecting or being affected by said event and projections of re-establishment of the ability to maintain said lease by lease operations or production; which documentation shall be updated in a continuous and ongoing manner as said information becomes available. The Mineral Board staff, at a meeting called for that purpose, shall examine all documentation and other evidence sent by the lessee or operator and determine, based upon evidence in said documentation, whether or not the event cited by same as the cause of preventing the commencement or continuation of lease operations or production is of such a nature as to warrant force majeure consideration and whether lessee or operator was not itself materially responsible for the occurrence of the fortuitous event (either by negligent commission or omission, deliberate act or failure to take reasonable and timely preventative measures which would have negated or greatly reduced the effects of the fortuitous event, any of which shall be known herein as "lessee's fault"). Should the evidence presented by the documentation indicate that the fortuitous event was brought about by lessee's fault, it shall render use of force majeure to maintain the lease a nullity and said lease must then be maintained solely by any viable, applicable lease term absent reference to force majeure. Any recognition of force majeure by the staff which is based upon incomplete documentary or other evidence (for reasons of temporary unavailability) shall be deemed a conditional force majeure and, should later documentation or other evidence indicate that the fortuitous event was in fact lessee's fault, may be determined by the staff not to be a force majeure situation, such determination to be retroactive to the time of the alleged (but unacceptable) prevention of commencement or continuation of lease operations or production. The State Mineral Board shall be informed of the staff's determination at the next earliest Mineral Board meeting following the said determination. If the lease suffering the effects of the fortuitous event contains any provisions — such as rental payment, deferred development payment, shut-in, in-lieu royalty payment, etc.— by which the lease may be maintained in full force and effect absent the commencement or continuation of lease operations or production (except those leases which specifically state that rental payment is not required if a bona fide force majeure as set forth in the clause occurs), then the operation of the respective, applicable provision shall be utilized to maintain the affected lease in full force and effect, rather than force majeure, until the respective, applicable provision is no longer operative, at which time the State Mineral Board shall determine whether or not force majeure alone may maintain in full force and effect said lease.

3) If force majeure is the sole means by which a lease can be maintained due to the occurrence of an applicable fortuitous event, then such lease may be maintained if notice of such event is timely given to the State as hereinabove set forth, and further, the Mineral Board staff has determined that the event was not caused by lessee fault. The Mineral Board does herein grant the Secretary for the Office of Mineral Resources - and any other party to whom he so delegates said responsibility - the authority to grant recognition of a force majeure occurrence and so notify the lessee/operator in writing; which writing shall notify lessee/operator of its obligation to send monthly reports in writing, beginning on the first day of the month following notice of recognition of force majeure, of lessee/operator's efforts to ameliorate the effects of the fortuitous event, any progress which has occurred during the month since the previous report and the estimated time for cessation of the force majeure

economic hardship which might be incurred by lessee on paying said leasehold payment vis-a-vis utilizing those funds to make necessary repairs such that activity occurring immediately prior to the occurrence of the catastrophic natural disaster which normally would have maintained the lease could resume within a reasonable time, economic factors pertaining to availability of necessary equipment and facilities vis-a-vis utilization of said equipment and facilities and all other such factors affecting lessee's ability to perform in order to maintain his lease

3) The staff of the Office of Mineral Resources is herein authorized and granted the right to, in its sole discretion, amend, by letter agreement signed by the Assistant Secretary of the Office of Mineral Resources and all necessary parties, those affected leases which either, a) contain a force majeure clause which is not activated under the language of the said clause, or b) contain no force majeure clause and for which a force majeure clause is to be added, or c) the force majeure policy adopted by the Board on August 12, 2005, together with the new force majeure clause concomitantly adopted, and which could be added by a letter agreement lease amendment, requiring a leasehold payment, where possible, to maintain the lease rather than the force majeure suspensive effect would create an undue economic hardship on lessee when added to the cost of repairs to equipment or facilities which were part of ongoing lease activity immediately prior to the catastrophic natural disaster, the imminent occurrence of which would have otherwise preserved the lease, or d) the most economical use of equipment of limited availability which best serves the interest of the State— the use of which said equipment would otherwise, but for the occurrence of the catastrophic natural disaster, have maintained the lease over a critical date— does not warrant the immediate use of said equipment following the natural disaster on that lease, or e) other situations or circumstances of a nature similar to those depicted in (a) through (d) herein which were caused by a catastrophic natural disaster occurring between August 22, 2005, and November 30, 2005, and require lease amendment to maintain said lease

4) This authority granted to the staff of the Office of Mineral Resources to amend State mineral leases by letter agreement as set forth hereinabove shall be limited to catastrophic natural disasters which occur between August 22, 2005, through November 30, 2005, with said staff having no authority to amend leases for catastrophic natural disasters beyond that date.

5) No further advertisement of the letter agreement lease amendments shall be necessary and they shall be effective upon the date signed by the Assistant Secretary of the Office of Mineral Resources The lease amendments thereafter shall be public record

Examples of the types of situations requiring lease amendment, other than for leases without a force majeure clause, are as follows.

[**Example 1.** Drilling rig on way to drill site which would timely maintain lease by drilling operations prior to a critical date, diverted by a catastrophic natural disaster to port and then damaged requiring extensive repair. Lease could be maintained by costly rental payment, but money might better be spent on repair to rig and resume drilling operations. Doesn't fit normal force majeure clause because not in process of ongoing drilling or production at time of occurrence of catastrophic natural disaster Letter lease amendment could extend anniversary date allowing rig to be repaired and towed to site to begin drilling well]

[**Example 2.** Workover rig begins drilling operations then moves off site awaiting larger rig moving on site within ninety day non-activity window to finish well and complete same, but catastrophic natural disaster destroys collection and sale facility and infrastructure to which completed well would have flowed Same company has other drill sites to which larger rig could be diverted to keep it operating and under contract until collection and sale site and infrastructure are repaired rather than send it to first site, complete well and have no way of producing said well Letter lease amendment could be used to apply force majeure suspension contingent upon heavy rig going to first site as soon as possible after repairs to collection and sales site and infrastructure repaired which would be best economical interest to State and lessee]

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 12th day of October 2005, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect

Louisiana State Mineral Board

On motion of Mr. Harang, seconded by Mr. Guilbeau, the following resolution was offered and, when voted upon, was unanimously adopted:

BE IT RESOLVED, that as a matter of policy, and for reasons of economic interest to the State of Louisiana, the State Mineral Board looks with disfavor on operating agreements, pursuant to Sections 208 and 209, Title 30 of the Revised Statutes of Louisiana, in which oil companies and operators are permitted and authorized to explore unleased lands of the State of Louisiana for oil, gas and mineral development, and particularly, cases where such lands are placed in a unit or units with other lands as one of the features and purposes of such operating agreements;

BE IT FURTHER RESOLVED, that it is and shall be the future policy of the State Mineral Board to approve no future operating agreements, pursuant to the statutory authority aforesaid unless the matter or matters presented show clearly that such operating agreement or agreements shall clearly inure to the best interest and welfare of the State of Louisiana;

BE IT FURTHER RESOLVED, that a copy of this resolution be submitted to all companies, corporations and individuals doing business with this Board, as presently listed on the regular mailing list.

Adopted: March 21, 1957.

RESOLUTION

On motion of Mr. Harrington, seconded by Mr. Stephens, the following Resolution was offered and adopted:

WHEREAS, pursuant to R.S. 31:206 and the provisions of the State Oil and Gas lease Form, lessees of State Oil and Gas Leases are required to execute and record an act evidencing the expiration of said lease, and

WHEREAS, when such leases are unobtainable by the staff of the Office of Mineral Resources, expired leases are referred to the Attorney General's Office for legal action in securing releases, and

WHEREAS, although such leases are clearly expired or terminated, and lessees of those leases, are in certain cases, defunct, bankrupt, deceased or otherwise no longer available to execute and record the required release, and

WHEREAS, since the State Mineral Board, in order to maintain expired acreage in the stream of commerce has a compelling interest in obtaining executed releases of State Oil and Gas leases;

NOW, THEREFORE BE IT RESOLVED that in the event a state mineral lease is clearly expired or terminated and has been referred to the State Attorney General for securing a release of same due to the failure of the lessee or lessees of record to execute and record an appropriate release, the Attorney General, with the concurrence of the staff of the Office of Mineral Resources, is authorized to prepare an Affidavit evidencing the expiration of said lease;

BE IT FURTHER RESOLVED THAT, said Affidavit be signed by the Deputy Secretary of the Office of Mineral Resources and filed of record in the parish(s) where the property is located.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 8th day of November, 1989, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

"WHEREAS, the Board has heretofore appointed a committee of attorneys to revise the State lease form and the State Agency lease form, and this committee presently is engaged in preparing recommendations for changes and revisions in said forms for submission to the Board; and

"WHEREAS, the Board takes cognizance of the fact that the improper spacing of oil and gas wells is resulting in the drilling of unnecessary wells, is causing waste and generally is having an injurious economic effect on the oil and gas industry and the State of Louisiana; and

"WHEREAS, the Board has determined that it would be to the best interests of the State to require of its mineral lessees that State-owned properties be developed on an orderly pattern with not less than forty (40) acres and not more than eighty (80) acres being assigned to each oil well and not less than one hundred sixty (160) acres being assigned to each gas and gas-condensate well; and

"WHEREAS, the Board believes as a matter of policy that it would be to the best interests of the Agencies of the State that lands of the agencies be likewise developed on the same pattern as that of the State; and

"WHEREAS, the drafting committee considering the revision of the standard lease forms should be instructed to incorporate in such forms a provision requiring all lessees of the State and of State Agencies to drill on the minimum spacing patterns set forth above;

"NOW THEREFORE BE IT RESOLVED, that the committee heretofore appointed by the Board to consider revisions and changes in the State lease form and the standard State Agency lease form be and it is hereby instructed to incorporate in such revised forms a provision to the effect that a mineral lessee of the State or of any State Agency shall not be permitted to drill development wells on a pattern smaller than forty (40) acres and not more than eighty (80) acres for each oil well and one hundred sixty (160) acres for each gas well unless the written consent of the Board or of the appropriate State Agency is first obtained."

Adopted: February 18, 1960

NON-CONTIGUOUS TRACTS (Agency leases)

"Any provision hereof to the contrary notwithstanding, it is understood and agreed that operations on or production from any portion of the acreage covered by this lease shall serve to continue this lease in force only as to the acreage covered hereby which is contiguous to the tract upon which such operations are conducted or from which such production is obtained. Provided, however, that as to such non-contiguous acreage, this lease may be maintained in force by any other method as is elsewhere provided for herein."

Adopted: 1953

RESOLUTION

ON MOTION of Ms. Surprenant, seconded by Mr. Lafitte, the following Resolution was offered and adopted:

WHEREAS, a request by DNR staff for the State Mineral Board to authorize a staff attorney of the Department of Natural Resources and/or the State Attorney General to take legal action in securing the release of a state oil and gas lease as well as the authority to prepare affidavits evidencing the expiration of leases where the lessee is defunct, bankrupt, deceased, or otherwise no longer available to execute and record required releases; and

WHEREAS, after discussion and consideration by the State Mineral Board on this matter, a decision has been reached.

NOW, THEREFORE BE IT RESOLVED, that in the event a State Mineral Lease is clearly expired or terminated and has been referred to staff attorneys within the Department and/or to the State Attorney General for securing a release of same due to the failure of the lessee or lessees of record to execute and record an appropriate release, the Department attorney and/or the Attorney General, with the concurrence of the staff of the Office of Mineral Resources, are authorized to prepare an Affidavit evidencing the expiration of said lease; and

BE IT FURTHER RESOLVED THAT said Affidavit be signed by the Department Assistant Secretary of the Office of Mineral Resources and filed of record in the parish(es) where the property is located.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 10th day of July, 1996, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

On motion of Mr. McNamara, seconded by Mr. Scott, the following Resolution was offered and unanimously adopted:

WHEREAS, the State Mineral Board declares that a significant part of its duties and responsibilities to the State of Louisiana in connection with the leasing of state lands and waterbottoms for oil and gas exploration and development is to:

a) insure the proper and timely clean up, closure and restoration of oilfield sites located on state lands and waterbottoms;

b) insure that lessees operating on state lands and waterbottoms have the financial resources to not only explore, develop and produce oil and gas, but to provide for proper and timely plugging, abandonment and site restoration at such time in the future as required.

c) minimize the state's financial liability for plugging, abandonment and site restoration of wells without responsible parties in the spirit of Act 404 of the Regular Session of the 1993 Louisiana Legislature (La. R. S. 30:80, et seq.).

NOW THEREFORE, BE IT RESOLVED THAT:

All assignments or transfers executed after August 9, 1995, of State Leases which were granted prior to August 9, 1995, ("existing leases") shall be approved by the State Mineral Board only on the condition that the operator establish a site-specific trust account under the provisions of "The Oilfield Site Restoration Law" as enacted by Act 404 of the Regular Session of the Louisiana Legislature (La. R.S. 30:80, et seq.), and implemented by Department of Natural Resources regulations (LAC 43:XIX). It is the intent of this resolution to require that the operator of the State Lease establish a site-specific trust account prior to the assignment or transfer of an interest in a State lease.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 14th day of June, 1995, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

On motion of Mr. McNamara, seconded by Mr. Wooten, the following Resolution was offered and unanimously adopted:

WHEREAS, the State Mineral Board declares that a significant part of its duties and responsibilities to the State of Louisiana in connection with the leasing of state lands and waterbottoms for oil and gas exploration and development is to:

a) insure the proper and timely clean up, closure and restoration of oilfield sites located on state lands and waterbottoms;

b) insure that lessees operating on state lands and waterbottoms have the financial resources to not only explore, develop and produce oil and gas, but to provide for proper and timely plugging, abandonment and site restoration at such time in the future as required.

c) minimize the state's financial liability for plugging, abandonment and site restoration of wells without responsible parties in the spirit of Act 404 of the Regular Session of the 1993 Louisiana Legislature (La. R. S. 30:80, et seq.).

NOW THEREFORE, BE IT RESOLVED THAT:

The fact finding process of the fact finding committee, the Board and its staff, will on and after August 8, 1995, be broadened to include inquiry as to the financial ability of operators and state lessees to provide for proper and timely cleanup, closure and restoration of oilfield sites located on state lands and waterbottoms and for proper plugging and abandonment of wells drilled on state lands and waterbottoms. Operators will be expected to report the following:

a) number, location and status of all wells located on state leases;

b) detailed plans for the utility of each well showing production, rate of capture, estimated reserves and time to recover same; and

c) plans and financial provisions for plugging and abandonment of all wells on state leases.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 14th day of June, 1995, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Ms. Smith, seconded by Mr. Segura, the following resolution was offered and unanimously adopted:

WHEREAS, an appearance was made by Richard W. Revels, Jr. on behalf of Encana Oil & Gas (USA) Inc. for a continuation of the presentation from the February 9, 2011 Legal & Title Controversy Committee Meeting wherein they requested support from the Louisiana State Mineral and Energy Board to drill long laterals crossing unit lines in the Haynesville Zone units in Woodardville Field, being HA RA SU55, HA RA SU57 and HA RA SU64, Red River Parish;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board support Encana's proposal on the following conditions:

(1) The Commissioner allows the proposed wells to cross unit boundaries and produce from more than one unit with one well;

(2) The Commissioner requires that production from long lateral, cross unit wells is reported on a well serial number as LUW code basis so that all operators who operate such a well must report production on the single well basis; and

(3) No. 1 and 2 conditions above shall apply to any and all operators who operate such a well across unit boundaries at anytime.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 9th day of March, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Segura, seconded by Mr. Arnold, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by Staff to ratify the Unit Order by the Commissioner of Conversation regarding long laterals across unit lines whereby the Commissioner requires operators to report production from long lateral wells on a single well basis rather than assigning a well serial number LUW code as previously required by Board Resolution adopted at the March 9, 2011 Louisiana State Mineral and Energy Board Legal & Title Controversy Committee Meeting;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board ratify the Unit Order with the understanding that the official Memorandum from James H. Welsh, Commissioner of Conservation dated June 3, 2011 will control reporting by any operators of the unit governed by Conservation Order No. 990-D-5.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 8th day of June, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

WHEREAS, the State Mineral Board maintains as an integral part of its staff a Geological and Engineering division, and

WHEREAS, among its duties the said Geological and Engineering division is charged with the duties of making technical evaluations and furnishing reports and recommendations to the Board involving fieldwide unitization, other unitization proposals, drainage problems, reasonable development studies, tract evaluation reports, well evaluation where lieu royalty payments are tendered and commingling studies among others, and

WHEREAS, sufficient monies in the regular budget of this Board are not available to allow for the purchase of such data, logs, maps and other information appertaining thereto which information, logs, maps and data are deemed by the Board and staff to be vitally necessary in the proper conduct of the Board's duties and responsibilities in this regard.

NOW, THEREFORE, BE IT RESOLVED That the companies, corporations and individuals holding valid and existing leases in whole or in part, or leases formally held and now released, leased by or under the jurisdiction of this Board, be expected, upon reasonable request, to furnish such information, data, logs and maps limited to the public domain under jurisdiction of this Board.

BE IT FURTHER RESOLVED That in order to carry out the purposes and intent of this resolution in requesting the needed logs, maps, data and information, the Chief Geologist, or in his absence the Secretary, be and he is hereby authorized to make such request for the aforesaid information, if and when needed and that in no case does the Board desire logs or maps or any other data which the lease holder in its best interests feels should be kept confidential.

BE IT FURTHER RESOLVED That the information, maps and other data thus requested and obtained shall be used exclusively and solely by the Board in carrying out its duties.

Adopted: October 20, 1964

9(a)

R E S O L U T I O N

On motion of Mr Chezanne, seconded by Mr L. A. Jones, the Board adopted the following Resolution:

WHEREAS, the Policy Committee of the Board has recommended that standards be adopted to guide the staff in processing unitization matters.

BE IT RESOLVED, that the staff of the State Mineral Board be and is hereby authorized to represent the State Mineral Board at all Department of Conservation hearings, pre-hearing meetings and conferences affecting any interest of the State Mineral Board;

BE IT FURTHER RESOLVED, that the Secretary of the State Mineral Board be and is hereby authorized to determine the position which should be taken by the State at any pre-hearing conference or hearing and initiate all procedures deemed necessary to protect the State's interest;

BE IT FURTHER RESOLVED, that all other unitization matters be processed by the staff and submitted with its recommendations to the Docket Committee of the Board for the Board's consideration;

BE IT FURTHER RESOLVED, that all previous policy resolutions relating to unitization matters be and they are hereby set aside, insofar as they conflict with this resolution.

needs to be studied for possible revision

C E R T I F I C A T E

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 13th day of January, 1966, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

R. J. Boucaume

Secretary, State Mineral Board

Note: This resolution will supercede #9 contained in Policy Resolution book

RESOLUTION

LOUISIANA STATE MINERAL BOARD

ON MOTION of Mr. Arnold, seconded by Mr. Stiel, the following Resolution was proposed and unanimously adopted:

WHEREAS, in the course of developing state mineral leases, wells are drilled thereon which will ultimately be unitized, but which are capable of production prior to the unitization and, for reasons of market, well integrity or other good and sufficient reason, Lessees desire to produce and sell product prior to unitization, deposit the royalty funds due all royalty payees in the proposed unit in an interest bearing account and, when the unit is ultimately formed, disburse the royalty funds so deposited on a unit allocated basis, and,

WHEREAS, it is often in the State's best interest to allow state mineral Lessees to so produce wells on or affecting state mineral leases proposed for unitization prior to unitization, deposit royalty funds into an interest bearing account and disburse the said royalty funds, after unit formation, on a unit allocated basis.

NOW THEREFORE, BE IT RESOLVED, that the Secretary of the Mineral Board and Staff member(s) designated by him, be and they are hereby authorized to grant permission to state mineral Lessees who have drilled a well on or affecting state mineral leases for which unitization is proposed, and who desire to produce said wells prior to unit formation, to deposit any royalty due the state, so long all royalty payees in the proposed unit likewise agree, into an interest bearing account at the best prevailing interest rates then available and disburse said funds after the unit has been formed on a unit allocated basis, PROVIDED, that the time elapsed between the beginning of production and the completion of the proposed unit is not unreasonable under the circumstances prevailing, and further PROVIDED, that any such waivers exercised by the Secretary and designated Staff member(s) are reported to the Fact Finding Committee at the next regular Mineral Board meeting following the exercise of said authority.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 11th day of December, 2002, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

STATE MINERAL BOARD

RESOLUTION

LOUISIANA STATE MINERAL BOARD

Legal and Title Controversy Committee

ON MOTION, of Mr. Dangerfield, seconded by Mr. Arnold, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by the staff of the Office of Mineral Resources for authority to proceed with the force majeure amendment to the lease process when the action is clearly justifiable, without first requesting authority to proceed from the Board.

WHEREAS, after discussion and careful consideration by the State Mineral Board, a decision has been reached:

NOW BE IT THEREFORE RESOLVED, that the request by the staff of the Office of Mineral Resources for authority to negotiate, draft and advertise force majeure amendments without prior approval from the Louisiana State Mineral Board is granted.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 13th day of October 2004, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.

Louisiana State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL BOARD

ON MOTION of Mr. Stiel, seconded by Mr. Domino, the following Resolution was offered and unanimously adopted:

WHEREAS, the State Mineral Board adopted a Resolution at its April 11, 1973 meeting authorizing, among other things, the Secretary or Staff member designated by him to waive Department of Conservation Statewide Order No. 29-E spacing requirements provided a reasonable unit for the well is proposed and pending; and,

WHEREAS, it has been determined that the formation of a unit for a drilled well which otherwise violates Statewide Order No. 29-E is not always most beneficial to the State; and,

WHEREAS, the Resolution passed by the Board on April 11, 1973 requires modification to allow waiver of Statewide Order 29-E for any situation which may be deemed most beneficial to the State.

NOW THEREFORE, BE IT RESOLVED, that the Secretary of the Louisiana State Mineral Board and any Staff member(s) so designated by him, be and they are hereby authorized on behalf of the Board to waive Department of Conservation Statewide Order No. 29-E spacing requirements in any situation which they deem most beneficial to the State, PROVIDED, that any such waivers exercised by the Secretary and designated Staff member(s) are reported to the Fact Finding Committee at the next regular Mineral Board meeting following the exercise of said authority.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 11th day of December, 2002, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

STATE MINERAL BOARD

RESOLUTION

On motion of Mr. Wooten, seconded by Mr. Scott, the following Resolution was offered and unanimously adopted:

WHEREAS, the State Mineral Board, at its June 14, 1995 meeting adopted a resolution stating that the Fact Finding Committee would require additional information from Lessees in the fact finding process after August 8, 1995, which would include information regarding number and status of all wells located on Lessee's lease and provision for plugging and abandoning those wells;

WHEREAS, the State Mineral Board, at its August 9, 1995, meeting, delayed implementation of that resolution; and

WHEREAS, the State Mineral Board staff has developed procedures to implement the policies announced in said resolution and by separate resolution to be adopted this date, the State Mineral Board will replace said resolution.

NOW THEREFORE, BE IT RESOLVED THAT the resolution adopted at the State Mineral Board meeting of June 14, 1995, stating that the Fact Finding Committee would require additional information from Lessees in the Fact Finding process is hereby rescinded.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 13th day of December, 1995 pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

This was sent out on mailing list Jan. 1972 Gat B

RESOLUTION

On the motion of Mr. Jones, seconded by Mr. Kiesel, the following resolution was offered and adopted:

WHEREAS, the Policy Committee desired to reaffirm and to emphasize certain existing resolutions and policy statements pertaining to in-lieu royalty matters;

BE IT RESOLVED, that the policies expressed by the following resolutions and statements, adopted on the indicated dates, are considered by the Board to be in full force and effect, and to constitute the current policy in regard to in-lieu royalty:

BE IT RESOLVED, that the State Mineral Board in approving any amendment to a State Lease for the extension of lieu royalty payments shall provide language in its resolution to such effect that the extension shall not diminish or otherwise affect the lessee's obligation reasonably to develop the leased premises.

Adopted: September 20, 1962

BE IT RESOLVED, that the Board hereby adopt a policy that as to future amendments to leases on the 1948 lease form providing additional six (6) month periods the amendment will provide for a consideration to be paid in the amount equal to $3.00 per acre for the number of acres then covered by the lease and in no event will the sum be less than $200.00; other provisions of the lease to remain the same.

Adopted: January 16, 1964

BE IT RESOLVED that the State Mineral Board hereby adopts the following policy in connection with the qualifications of shut-in gas wells for the purpose of making lieu royalty payments. The industry is hereby advised that maintenance of state leases by lieu royalty payments on marginal shut-in gas wells is looked upon with disfavor by the Board.

BE IT FURTHER RESOLVED that the industry be advised that if, following a complete and thorough hearing before the Lieu Royalty Committee of the State Mineral Board on the question of the commerciability of a shut-in gas well, there remains a serious question as to the well's commerciability the question be resolved against its being a commercial well and any lieu royalty payments tendered on such well be refused.

BE IT FURTHER RESOLVED that this Resolution does not change the Board's policy regarding the submitting of all well test data pursuant to the Board's Revised Regulations for Verification of Commercial Productivity of Shut-in Gas Wells, and it is not intended to limit the amount and type of test data that may be required at the hearing concerning the qualification of a shut-in gas well.

Adopted: July 8, 1965

12/8/71

BE IT RESOLVED that the State Mineral Board adopt a policy providing that after the initial lieu royalty payment any Lessees who tender lieu royalty payments shall also submit a letter setting forth their efforts which have been made in the past six months to obtain a market for the gas.

Adopted: February 14, 1968

WHEREAS, on March 11, 1970, a policy was adopted by the State Mineral Board as follows to wit:

BE IT RESOLVED that in all instances the lessee or operator of a lease maintained by in-lieu royalty payments notify the State Mineral Board if and when said well or wells go on production; and

WHEREAS, some difficulty has been experienced and Staff time unnecessarily consumed because of the failure of many producers and/or operators to comply with the provisions of the policy; and

WHEREAS, the information so desired is essential to the conduct of the functions of the Staff in this regard and subsequent decisions of the Board in relation thereto

NOW, THEREFORE, BE IT RESOLVED, that the Board reaffirm the aforesaid resolution of March 11, 1970, and request of the industry and particularly the State's lessees in the event of units, that every effort be made to furnish the Staff of the Board this information on a timely basis.

BE IT FURTHER RESOLVED, that all policy resolutions other than those herein set forth and dealing with this subject are hereby rescinded, with the exception of that resolution of May 12, 1971, which adopted the most recent "Regulations for Verification of Commercial Productivity of Shut-in Gas Wells".

BE IT FURTHER RESOLVED, that the industry be made aware of the Board's restatement of these policies by all appropriate means and particularly, the Secretary is directed to circulate a copy of this resolution to all on the mailing list and to such other persons known by him to be hereby affected.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 8th day of December, 1971, pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

RESOLUTION

On motion of Mr. Allerton, seconded by Mr. Surprenant, the following Resolution was offered and adopted:

WHEREAS, the staff of the Office of Mineral Resources requested an adoption by the Board of the amendment to the "Requirements for Verification of Commercial Productivity of Non-Producing Leases"; and

WHEREAS, after discussion and careful consideration by the State Mineral Board, a decision has been reached.

NOW THEREFORE BE IT RESOLVED, the State Mineral Board does hereby approve the amended document, as attached hereto.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board in the City of Baton Rouge, Louisiana, on the 9th day of June, 1999, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

REQUIREMENTS FOR VERIFICATION OF COMMERCIAL PRODUCTIVITY OF NON-PRODUCING LEASES

PREFACE

The State Mineral Board has determined that it is in the best interest of the state of Louisiana to require its lessees to furnish certain information to substantiate the commercial productivity of any lease under which the lessee wishes to invoke the shut-in provisions of the lease, the gas marketing provision of the rider to the 1966, 1975 and 1981 lease form, or of any relative lease amendment granted by the Board.

While the lease forms in use by the State are express in granting a right to maintain a lease by a shut-in gas well, the Board wishes to observe that exercise of the Lessee's right is subject to the corresponding obligation of each Lessee to exercise the diligence of a reasonable, prudent operator to secure a market for the reserves involved. The shut-in clause does not, in the Board's view, grant the unqualified right to maintain a lease absent (1) a quantity of reserves which a reasonable, prudent operator would seek to market and have a reasonable expectation of marketing (2) diligent efforts on the part of the operator to obtain a market, and (3) in the case of application for the 18-month "Initial Period" under the gas marketing section of the rider to the 1966, 1975 and 1981 lease forms, a reasonable expectation of obtaining an intrastate market by the diligent effort to obtain an intrastate gas sales contract and direct insertion into a solely intrastate gas pipeline or system.

GENERAL PROVISIONS

All data presented to the Staff for consideration by the staff and/or the Board are for the use of the Board only. Where the operator desires to hold all, or a portion, of the data confidential, he must show these data to the Staff, but is not required to leave the data with the staff. He may, at his option, subsequently submit or show all, or any part, of the data to the Staff or the Board. Future retention of the data in a confidential status will be governed by provisions of the lease.

Failure of the staff and/or the Board to take any action or perform any function with respect to an in-lieu royalty payment submitted to the Register of the State Land Office will not affect the timeliness of it, but the timeliness thereof shall be determined as of the time such payment is made or tendered to the Register. The Staff and/or the Board specifically reserve the right to determine whether a well, on which the payment is tendered, is capable of producing in paying quantities.

NOTE:

A request for an extension of in-lieu royalty payments beyond the term provided by the lease, plus any earned additional periods involves an amendment to the lease and must be approved by the Board prior to the end of the current period. Only one additional payment period can be requested at a time. In order to maintain the lease in force, the payment also must be tendered before the expiration of the current period.

In order to obtain the data necessary to make a reasonable determination of commercial productivity the following requirements have been established; however, it is not the intent of the State Mineral Board to impose undue burden upon operators of State Leases by the promulgation of these

June, 1999 Update

requirements which are, therefore, subject to such flexibility as each case may warrant.

I. DATA INITIALLY REQUIRED ON SHUT-IN COMPLETED GAS WELLS

A. GENERAL

1. All data hereinafter set forth must be submitted to the Staff, the well qualified by the Staff, and the first shut-in payment made (or, if application is made for the 18-month "Initial Period" under the gas marketing provision of the rider attached to the 1966, 1975, and 1981 lease forms, a letter from the Staff confirming the beginning date of the "Initial Period") in conformity with the following circumstances:

(a) If a well is drilled and/or completed during the primary term of a lease, but greater than 90 days prior to the next anniversary date, not later than the anniversary date.
(b) If a well is drilled and/or completed during the primary term of a lease, but within 90 days of the next anniversary date, within 90 days from cessation of drilling operations (or completion if completed in a diligent manner within a reasonable time).
(c) If a well is drilled and/or completed outside of the primary term of a lease, within 90 days from cessation of drilling operations (or completion if completed in a diligent manner within a reasonable time).

Failure to submit the required data to the Staff, have the well qualified, and pay the shut-in payment (or receive a letter confirming the beginning date of the "Initial Period") within the time periods set forth herein above shall preclude the Staff from considering the qualification of the well in question and said well shall not be eligible for shut-in status rendering the lease subject to termination if other provisions of the lease providing for lease maintenance are not in force.

2. The data shall be accompanied by an affidavit by the operator, or his agent, as to its validity. The effective date of the "Initial Period" must be shown, with sufficient information to substantiate selection of the date, i.e., completion date of the well or effective date of unitization if the well is located on non-State acreage. On all leases taken subsequent to adoption of the ride in March, 1973, the lessee or operator must further certify that gas producible from the subject lease is not currently subject to an interstate market under an existing area contract.

3. A plat on a scale of 1" - 1,000' showing the leased premises, or unit, and the surrounding area, with all current wells spotted thereon, must accompany the data.

B. INITIAL QUALIFICATION-WELL COMPLETED, CAPABLE OF PRODUCTION

1. Basic Well data.
   a. Total depth.
   b. Plugged back total depth.
   c. Perforated interval.
   d. Net productive sand, top and base, or water level.
   e. Electrical survey (1" and 5").
   f. Porosity log is mandatory; side-wall cores, conventional cores, and analysis required, if obtained.
   g. Any other logs or well surveys run on the well will be required.
   h. Completed copies of Department of conservation well history and well completion forms.

NOTE:

Gamma Ray survey, if run, should be included where formation water salinities seriously affect the self-potential curve. A caliper survey should be run with the porosity log where possible.

2. Bottom-Hole Pressure Data

Wells should be tested for a period necessary to produce a cumulative of 2,000 MCF gas; however, for low capacity wells, a test period of 48 hours will be considered sufficient. The cumulative may include an estimate of production during initial clean-up. The test period shall include a minimum of six (6) hours of stabilized flow at a single rate, or three (3) hours of stabilized flow at each of two or more rates.

a. Initial shut-in bottom hole pressure.
b. Flowing pressure data, unless deemed too hazardous by the operator.
c. Minimum build-up in bottom hole pressure for at least 8 hours, immediately following the test period. In the case of low permeability reservoirs additional build-up time may be required.
d. After build-up, make two bomb stops, at 100 feet and 200 feet off bottom, or greatest depth to which bomb was run.
e. State Mineral Board should be furnished with a copy of BHP chart or charts and all pressure readings, including pressure-time build-up readings and bottom hole temperature.

NOTE:

In abnormally high-pressured wells where a kill-string or other mechanical obstructions have been installed, or in wells equipped with internally coated tubing, the above bottom-hole pressure requirements may be waived.

3. Production Data

a. Hours well flowed and estimate of gas produced during clean-up period prior to test.
b. Initial shut-in tubing pressure and hours S.I. prior to test.
c. Choke size or sizes, including daily rate and time of flow period on each choke.
d. Initial, maximum, and final tubing pressure for each flow rate.
e. tubing pressure recorder chart is required and must be sufficiently annotated to explain all changes in test conditions.
f. Final shut-in tubing pressure and duration of shut-in time.
g. Total time on test.
h. Cumulative gas produced during total test period.
i. Cumulative condensate produced during total test period.
j. Cumulative water produced during total test period.
k. A.P.I. gravity @ 60 deg. F.
l. Size of production string or DST string.
m. Gas test meter charts.
n. Gas and liquid analysis, if obtained.
o. P-V-T analysis, if obtained.

NOTE:

A Repeat Formation Test is not adequate enough test data for well qualification.

4. Drill Stem Test Procedure and Data.

a. Well data same as in (1) above.
b. Bottom hole pressure data as in (2) above, except gradient data.
c. Production data as in (3) above.

d. Additional required data:
   1) Mud weight, feet of water cushion and salinity (or nitrogen pressure and cubic feet), bottom hole choke, and complete copy of DST Service Company report.

5. Should the applicant for initial in-lieu royalty status be rejected on the basis of the data submitted, the applicant may arrange to retest the well, under conditions mutually agreed upon, such retest to be witnessed by a member of the Board's staff.

II. DATA REQUIRED FOR EXTENSIONS BEYOND SIX PERIOD, OR OLD WELLS

A. All data as required under "Initial Payments" will be required for extension requests, unless data has been previously submitted. Any new data or information not previously submitted or requested, or obtained when the well was originally completed, will be required with the request for the extension.

B. When applying for an extension, a summary of negotiations for gas contracts will be required in addition to the above.

III. EXCEPTIONS TO SUBMISSION OF REQUIRED DATA

A. General

1. The Board, by amendment to a lease, may permit qualification of the lease as commercially productive of oil or gas on the basis of downhole data (logs, samples or cores, and formation tests) obtained in a test hole subsequently abandoned in accordance with applicable regulations. Where economics dictate, "expendable well(s)" allow the operator to evaluate his acreage, to determine the optimum location and size of the central drilling and production facility, and to permit time for construction and installation of the facility and required pipelines, without the necessity of installing individual jackets or platforms for each test drilled.

B. Required Data

1. An induction-electric log of the well, clearly showing a minimum of 20 feet of producible sand in one section excluding any member or layer which is less than 5 feet in thickness, and which does not include any interval appearing to be water saturated. If a commercially available computerized log is not run, the operator must furnish foot-by-foot calculations of porosity and water saturation over the entire pay zone, together with the equations and parameters employed in the calculations. All of the section counted as producible must exhibit the following properties:

   a. Electrical spontaneous potential exceeding 20 negative millivolts beyond the sale base line. If mud conditions prevent a 20 negative millivolt reading beyond the shale base line, a gamma ray log deflection of at least 70 percent of the maximum gamma ray deflection in the nearest clean water-bearing sand may be substituted.

   b. A minimum true resistivity ratio of the producible section to the nearest clean water sand of at least 5:1, provided the producible section exhibits a minimum resistivity of 2.0 ohm-meters.

2. A porosity log indicating porosity in the producible section.

3. Sidewall cores and core analysis which demonstrate that the section is producible.

4. A wire-line formation test, if the caliper log indicates reasonable possibility of obtaining a successful test. The test results must indicate that the section is producible.

5. All logs run must support other evidence that the section is producible.

June 2, 1999 gtc

Reporting Policies

RESOLUTION

On motion of Mr. Childs, seconded by Mr. Johns, the following Resolution was offered and adopted:

WHEREAS, it has come to the attention of the State Mineral Board, as a result of audits of gas royalties paid to the State, that a number of gas sales contracts have been amended to provide for reductions in sales volumes and/or sales price or that gas contracts have been terminated prior to their original fixed termination date; and

WHEREAS, the State's lessees have received monetary or non-monetary consideration from the pipeline-purchasers in exchange for such contract amendments or terminations; and

WHEREAS, in accordance with prior Mineral Board resolution dated October 9, 1985, the Mineral Board has asserted that royalties are due and payable on all sums or benefits received as a result of gas contract buydowns, buyouts, or take-or-pay settlements; and

WHEREAS, a number of State lessees have refused to pay royalties on such amounts, and in some cases, have refused to allow the Office of Mineral Resources auditors to review such settlement documents; and

WHEREAS, the State Mineral Board desires to clarify and reiterate its position regarding royalties due on such amounts;

NOW THEREFORE BE IT RESOLVED, that the state's lessees be hereby are directed to pay to the State as royalty its proportionate share of any and all things of value received as consideration for any contract settlement or contract termination which has the effect of reducing or substantially delaying the volumes of gas produced from a State Lease, or which reduces the price received for the gas produced from the lease; and

BE IT FURTHER RESOLVED, that the State Mineral Board demands that all such documents be identified to the staff of the Office of Mineral Resources and be made available upon request by that office; and

BE IT FURTHER RESOLVED, that a copy of this Resolution be distributed to all parties currently paying royalties to the State, to all State lessees, and disseminated to all interested parties.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 10th day of October, 1990, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Edward H. Rhorn

State Mineral Board

WHEREAS, lessees of the State are presently filing Form SR-1, entitled "Monthly Report of Minerals Subject to State Royalties" with the State Land Office, in duplicate; and

WHEREAS, one copy of each report on Form SR-1 is forwarded by the State Land Office to the State Mineral Board for review and verification; and

WHEREAS, it has been ascertained that Form SR-1 does not provide adequate information to enable a reasonable office verification of royalties tendered; and

WHEREAS, the Chairman has authorized the Audit Section to prepare such revised forms as might be necessary in order to obtain the desired information and to discuss the proposed changes with industry representatives; and

WHEREAS, the Audit Section has worked closely with industry representatives in revising Form SR-1 and in designing Forms LDS-1 and LDS-2 (Lease or Unit Data Sheets); and

WHEREAS, the proposed changes in Form SR-1 have been discussed with the State Land Office and approved by that office;

THEREFORE BE IT RESOLVED, that the State Mineral Board take cognizance of the revised Form SR-1 and the newly created Forms LDS-1 and LDS-2 and authorize their use;

BE IT FURTHER RESOLVED, that the Audit Section be authorized and directed to prepare instructions as to the filing of these forms, and to prepare such additional form or forms as any be needed to obtain all information deemed to be necessary, and to place them in use.

Adopted: November 21, 1963

Minimum Standards For the Computation of Royalties on Gas and Processed Gas under the 1928, 1930, 1936, 1940, 1942, 1948, and 1962 Lease Forms; Definitions; and Measurement.

Section 3: Delivery of Gas Royalties

3.1. Obligation to deliver. Under the lease forms of 1928, 1930, 1936, 1940, 1942, 1948, and 1962 lessees of the State of Louisiana are obligated to make delivery of gas royalties to the State. It is considered that delivery takes place as provided in each of the enumerated forms according to the principles set forth in this section.

3.2. 1928 form. It is considered that under the 1928 lease form delivery is made by the payment of one-eighth of the net proceeds derived from the sale of gas or $200 per gas well per year, whichever sum is greater, or when appropriate, by payment of the value of production according to the pertinent provisions of Section 4.

3.3. 1930-1962 forms. Under the 1930, 1936, 1940, 1942, 1948, and 1962 lease forms, it is considered that delivery takes place at the option of the lessee in the following ways:

(a) By delivery into the hands of a first purchaser for whom the State executes a division order or sales contract or to whom production is being sold by the State's lessee as authorized agent.

(b) By payment by the lessee of sums equal to the value of production according to the value basis established under the applicable provisions of Section 4. Under normal conditions, it is considered that execution of a division order directly in favor of a lessee signifies exercise of the option to deliver royalties by payment of sums equal to the value of production, and it is further considered that the lessee is obligated accordingly.

(c) Although execution of a division order or purchase contract is the normal and expected practice, in special cases in which no division order or purchase contract has been executed, the manner of delivery of royalties should be determined according to the circumstances of each case.

Section 4: Value Basis and Deductions

4.1. 1928 form. The value basis of gas royalties deliverable under the 1928 lease form should be determined as follows:

(a) If one-eighth of the net proceeds of sale of gas from a well exceeds $200 annually, the value basis is the net proceeds of sale. "Net proceeds" means the price received by the lessee in an arms' length transaction less any extraordinary expenses necessary to obtain a market. If a party purchasing from the lessee performs functions which are customarily performed by gas producers, the fair value of such services should be considered to constitute a part of the purchase price. Similarly, if a purchaser pays charges which are normally borne by gas producers, such amounts should be considered to constitute a part of the purchase price.

(b) In the presence of evidence indicating that the price received by the lessee for production is not the result of an arms' length transaction or is not otherwise in keeping with the lessee's obligation to exercise due diligence as a prudent operator in securing the best obtainable market or if production is being purchased for its own consumption or utilized by the lessee for purposes other than drilling and production operations on the lease premises, the value basis for gas royalties under the 1928 lease form may be determined by computing the estimated reasonable value of production, due consideration being given to the highest price paid for a majority of production of like kind and quality in the same field or area, to current prices generally, and to other relevant matters. If a party purchasing from the lessee performs functions which are customarily performed by gas producers, the fair value of such services should be considered to constitute a part of the purchase price. Similarly, if a purchaser

pays charges which are normally borne by gas producers, such amounts should be considered to constitute a part of the purchase price.

(c) If one-eighth of the net proceeds of sale of gas from a gas well does not exceed $200 per year, the royalty deliverable by the lessee shall be $200 per well per annum.

4.2. 1930-1962 forms. Subject to adjustment resulting from allowance of deductions under subsections 4.3 through 4.8 of this section, the value basis of gas royalties deliverable under the 1930, 1936, 1940, 1942, 1948, and 1962 lease forms should be determined as follows:

(a) Under normal conditions, when gas royalties are delivered in kind according to subsection 3.3(a) the value basis for gas royalties should be the purchase price fixed according to the division order or sales contract. If a third party purchaser performs functions which are customarily performed by gas producers, the fair value of any such services should be considered to constitute a part of the purchase price. Similarly, if a purchaser pays charges which are normally borne by gas producers, such amounts should be considered to constitute a part of the purchase price.

(b) When gas royalties are delivered by payment for value according to subsection 3.3(b), the value basis for royalty payments should be determined as follows:

(i) When gas is being sold by the lessee to a pipeline purchaser. The price received by the lessee in an arms' length transaction or the average price then current for gas of like character and quality delivered to the purchaser in the field (or area, under the 1930 and 1936 forms), whichever is greater. In the presence

of evidence indicating that the price received by the lessee for production is not the result of an arms' length transaction or is not otherwise in keeping with the lessee's obligation to exercise due diligence as a prudent operator in securing the best obtainable market price, the value basis for gas royalties may be determined by computing the estimated reasonable value of production, due consideration being given to the highest price paid for a majority of production of like character and quality in the same field or area, to current prices generally, and to other relevant matters. If a party purchasing from the lessee performs functions which are customarily performed by gas producers, the fair value of such services should be considered to constitute a part of the purchase price. Similarly, if a purchaser pays charges which are normally borne by gas producers, such amounts should be considered to constitute a part of the purchase price. In determining the value basis for gas royalties when production is being sold by the lessee to a pipeline purchaser under long term purchase contracts to which the State is not a party and by which it is not bound, due consideration should be given to the impact of price regulation by the Federal Power Commission and the terms of the contract itself.

(ii) <u>When gas is being purchased for its own consumption or utilized by the lessee</u>. The estimated reasonable value of production or the average price then current for gas of like character and quality delivered to the pipeline purchaser in the field (or area under the 1930 and 1936 forms), whichever is greater.

In determining the estimated reasonable value of production, due consideration should be given to the highest price paid for a majority of production of like quality in the same field or area, to current prices generally, and to other relevant matters.

(c) In special cases in which neither a purchase contract nor a division order has been executed, value basis for deliverable royalties should be determined according to either subsection 4.2(a) or 4.2(b), depending upon a determination of the manner of delivery of royalties as provided in subsection 3.3(c) above.

4.3. Deductions allowable. The value basis computed according to the provisions of subsection 4.1 and 4.2 of this section is subject to adjustment in proper circumstances by allowance of deductions according to the following subsections of this section.

4.4. Severance taxes. The lawful amount of severance tax allocable to royalties deliverable to the state may be deducted from royalty payments. If the minimum annual royalty of $200 per well is being paid under the 1928 lease form, no severance taxes should be deducted therefrom.

4.5. 1928 lease form. If royalties are being paid on the basis of net proceeds under the 1928 lease form, the following sections on deductions are inapplicable. This exclusion is based on the fact that "net proceeds" is defined in subsection 3.1(a) as "the price received by the lessee in an arms' length transaction less any extraordinary expenses necessary to obtain a market." If royalties are being paid under the 1928 lease form by computation of estimated reasonable value under subsection 4.1(b), the following subsections concerning deductions are applicable.

4.6. On-lease costs. "On-lease costs" means any costs incurred in the performance of any standard processes or operations necessary to prepare production for delivery or to deliver production to a purchaser, including dehydration, simple separation processes, measurement, gathering, compression, scrubbing, and all other normal costs, whether similar or dissimilar to those enumerated. Deductibility of on-lease costs should be determined as follows:

(a) Under normal circumstances no on-lease costs should be deducted from royalty payments made under the 1928, 1930, 1936, 1940, 1942, 1948, and 1962 lease forms.

(b) Normally, the fact that standard processes or operations of the kind enumerated in this subsection are performed at a location off the lease premises or at a commingled facility, regardless of location, should not be deemed to convert the cost of any such processes or operations from a non-deductible to a deductible item. However, if the facts of any particular case as shown to the Louisiana State Mineral Board warrant an exception, deductions may be allowed.

4.7. Transmission costs. Deduction of transmission costs, exclusive of normal field gathering costs, may be allowed if the facts of any particular case as shown to the Louisiana State Mineral Board disclose that such costs are extraordinary in nature and are necessary to obtain a market for the production in question.

4.8. Other costs. No costs other than those treated in subsections 4.4 through 4.7 of this section should be deducted from gas royalty payments under the 1928, 1930, 1936, 1940, 1942, 1948, or 1962 lease forms unless the facts of any particular case as shown to the Louisiana State Mineral Board reveal that such costs are unusual or extraordinary in nature and are necessary to obtain a market for the production in question.

Section 5. Royalties on Processed Gas

5.1. Royalties due on processed gas. Royalties are due on all processed gas under all lease forms.

5.2. Value basis of royalties. The value basis for computation of royalties on processed gas should be determined as follows:

(a) 1928-1948 forms. The value of residue gas after processing plus the value of liquid constituents after processing. However, a reasonable allowance should be made for the cost of processing, including the cost of transmission to the processing plant. Such transmission costs should not include the cost of field gathering. In determining the reasonable amount to be deducted for cost of processing, due consideration should be given, where appropriate, to the cost of operating the plant, original investment cost, arms' length contracts entered into by the lessee with the processor, similar contracts entered into by other operators in the area, royalty values paid to other similarly situated lessors, the character of the processes and products, and all other relevant factors. If the Louisiana State Mineral Board has entered into a contract with the lessee or the processor fixing the manner in which royalties on processed gas are to be computed, the terms of such contract, insofar as they are binding, should control the computation of royalties due.

(b) 1962 lease form. If gas is processed by other than ordinary production methods, regardless of location of the processing facility, the value basis of royalties should be computed in the following manner:

(i) Should the lessee enter into a bona fide arms' length contract for the extraction of liquid hydrocarbons from gas or for the manufacture of gasoline or other products from gas

in a plant located in the field or having a direct pipeline connection with the field, royalties on the liquid constituents should be based on the amount realized by the lessee under such contract.

(ii) In the event lessee, individually or in conjunction with others, constructs or otherwise provides a plant, either in the field or having a direct pipeline connection with the field, for the extraction of liquid hydrocarbons from gas or for the manufacture of gasoline or other products from gas, the royalty on liquid constituents should be based on the current market value at the plant of the products so extracted or processed, after deducting the proportionate part of the reasonable cost of extracting or manufacturing such products. If the lessee has entered into a bona fide arms' length contract with others for the extraction or processing of gas in such a plant, the proportionate charge to be borne by lessor shall be the same as that provided in the contract. In the event lessee has several such contracts at the same plant with varying charges by the processor, the charge to be made to the State should be the average of all such charges.

(iii) Royalties on residue gas shall be the stipulated royalty on the value of lessee's share of the residue gas sold or otherwise disposed of after plant extraction or processing.

(iv) In administering the 1962 lease form regarding plant royalties, it should be borne in mind that the express provisions do not free the lessee of its obligations to exercise due diligence in marketing production and of dealing fairly with the interest of the State as lessor in executing contracts for the processing of gas for removal of liquid constituents.

Section 6: Definitions.

6.1. Definition of "oil." In administering the State's leases, it is not unreasonable to treat as "oil" all liquid hydrocarbons produced at the well or in or near the field by ordinary production methods. The fact that some liquid hydrocarbons are separated from gas or gaseous phases at commingled or central facilities located off the lease premises does not necessarily require that the facility involved be viewed as other than an ordinary production facility utilizing ordinary production methods.

6.2. Definition of "gas." In administering the State's leases, it is not unreasonable to treat as "gas" all natural gas, including casinghead gas, which is sold or used in gaseous form.

6.3. Definition of "processed gas." The term "processed gas" means gas (either casinghead or gas well gas) which has been processed to recover its constituent products at a plant or other central location using methods and requiring equipment which cannot be viewed as ordinary production methods. The fact that a field facility may serve several leases and involve substantial expense does not necessarily require that it be viewed as a plant or facility engaged in processing gas. No clear definition can be given for identifying processing plants as opposed to ordinary field facilities. It will be necessary that each case under examination be delt with on its own facts, due consideration being given to the size and cost of the facility, the volume of gas processed, ownership of the facility, location, the character of the processes and products, and all other relevant factors.

Section 7: Measurement

7.1. Responsibility of the lessee. It is the responsibility of the lessee to see that production allocable to the State is properly measured.

RESOLUTION

On motion of Mr. Berrigan, seconded by Mr. Favret, the following Resolution was offered and adopted:

WHEREAS, the State Mineral Board has a number of pending requests from lessee-producers for recoupments out of the state's royalty share of future production of oil and gas from state leases based on alleged overpayments of the state's royalty share; and

WHEREAS, substantial legal questions involving both the validity of alleged pricing overcharges and of determining accounting and payment of royalty based on value under state leases are being extensively litigated; and

WHEREAS, the staff of the Office of Mineral Resources has recommended to the Policy and Royalty Accounting Committees that pending and future requests for recoupment based on alleged overpayments of oil and gas royalties should be held in abeyance until the aforesaid legal matters are resolved, subject only to recognition of recoupment under certain circumstances as hereinafter excepted.

NOW, THEREFORE BE IT RESOLVED by the State Mineral Board, based upon the joint recommendations of its Policy and Royalty Accounting Committees that all pending and future requests for recoupment based on alleged overpayment of oil and gas royalties shall be held in abeyance until the aforesaid legal matters involving the validity of pricing overcharges and of determining accounting and payment of royalties on value are resolved.

BE IT FURTHER RESOLVED that there is excluded from the foregoing as exceptions (1) the right of recoupment regarding any suspended portion of the interstate gas price pursuant to LSA R.S. 30:137-141, recognized by either a specific recoupment agreement or by the extant policy resolution heretofore adopted in lieu of such specific agreements, and (2) the right of recoupment for overpayments of oil and gas royalties resulting from clerical error. Such long-established rights of recoupments are recognized with full reservation of the state's right to assert its claims for value accounting independently of the approval of any such recoupments.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 13th day of September, 1978, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

RESOLUTION

WHEREAS, on February 10, 1966, at a regular meeting of the State Mineral Board, it was brought to the Board's attention that problems of interpretation have and will arise from time to time concerning the proper interpretation and application of the Minimum Standards for Computation of Oil Royalties under the 1928, 1930, 1936, 1940, 1942, 1948 and 1962 Lease Forms, previously adopted by the Board, as they apply to particular fact situations; and

WHEREFORE, on motion of Mr. Sherrouse, seconded by Mr. Kiesel, the following Resolution was offered and adopted:

BE IT RESOLVED, that the Royalty Accounting Committee of the Board be and it is hereby authorized to interpret and apply the Board's Minimum Standards for Computation of Oil Royalties to the various fact situations as they arise.

BE IT FURTHER RESOLVED, that the committee be authorized to direct the Audit staff of the Board as to procedures to be followed in applying the committee's interpretations of the Standards.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 10th day of February, 1966, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

RESOLUTION

On motion of Mr. Schober, seconded by Mr. Scott, the following Resolution was offered and adopted:

WHEREAS, by Resolutions dated October 9, 1985 and October 10, 1990, the State Mineral Board expressed its position that State royalty was due and payable on all sums or benefits received as a result of gas contract settlements, including buydowns, buyouts and take-or-pay settlements; and

WHEREAS, the Louisiana Supreme Court has now issued its decision in the case of Fredrick J. Frey, et al. versus Amoco Production Company finding in favor of the lessors' right to collect royalty on proceeds from take-or-pay settlements; and

WHEREAS, the State Mineral Board, in accordance with prior Resolutions and supported by the recent decision of the Louisiana Supreme Court, desires to reiterate its position regarding royalties due on gas contract settlements;

NOW THEREFORE BE IT RESOLVED, that the State's lessees be and hereby are directed to pay to the State as royalty its proportionate share of any and all things of value received as consideration for any contract settlement which has the effect of reducing or substantially delaying the volumes of gas produced from a State Lease, or which reduces the price received for the gas produced from the lease; and

BE IT FURTHER RESOLVED, that a copy of this Resolution be distributed to all parties currently paying royalties to the State, to all State lessees, and disseminated to all interested parties; and

BE IT FURTHER RESOLVED, that the staff be and hereby is directed to make every effort to identify and collect all such royalties due and owing as a result of previous gas contract settlements; and

BE IT FURTHER RESOLVED, that the State Mineral Board demands that all such documents be identified to the staff of the Office of Mineral Resources and be made available upon request by that Office; and

BE IT FURTHER RESOLVED, that the Fact Finding Committee of the Board make requests upon lessees for the information where it has not been previously furnished and the Royalty Accounting Committee not consider recoupment requests from companies who have not complied with either requests for information or payment of royalty on gas contracts settlements; and

BE IT FURTHER RESOLVED, that in consideration for payment of royalty due on gas contract settlements by September 30, 1992, the Board agrees to waive penalties on all such amounts.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 8th day of July, 1992, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

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State Mineral Board

WHEREAS, none of the lease forms used by the State Mineral Board since its creation or theretofore utilized by the State of Louisiana, through the Governor, in granting and executing of an oil, gas and mineral lease, have authorized or permitted any charge or charges to be made against the State of Louisiana for a portion or a proportionate part of the expense incurred for transporting, storing, barging, or otherwise disposing of or delivering oil, gas and other minerals produced; and

WHEREAS, it is clearly implied, if not expressly provided, in all such lease forms, past and present, that no deductions as aforesaid may be made in calculation and tendering royalty payments to the State; and

WHEREAS, it has been called to the special attention of the members of this Board that certain State leases, or operators under certain State leases, have made such deductions in the past when tendering royalties to the State and have persisted in doing so after notice given or explanation made that such action could be neither permitted nor tolerated;

THEREFORE BE IT RESOLVED, that the State Mineral Board go on record as opposing the practice aforesaid, conceiving it to be contrary to the obligations assumed by the lessee under the lease, and hereby give notice to be circulated as widely as possible that no deductions be made under any State lease for a portion or proportionate part of transporting, storing, barging, or otherwise disposing of or delivering oil, gas and other minerals produced under the lease in calculating and paying royalties to the State.

BE IT FURTHER RESOLVED, that written notice be given to each and every lessee, assignee of, or operator under any State oil, gas and mineral lease who has tendered royalties to the State after effecting any deductions as aforesaid for the charge or charges mentioned, demanding that such charge or charges be refunded and paid to the State without any delay; that if after a reasonable time following notice, such refund or payment is not made, the Attorney General of this State be requested to institute suit for the recovery of such money due, including interest.

Adopted: July 16, 1959

RESOLUTION

On motion of Mr. Jarrell, seconded by Mr. Jones, the following Resolution was offered and adopted:

WHEREAS, the State Mineral Board has by prior resolutions dated November 21, 1963, and June 11, 1969, previously authorized the Audit Division to prepare and implement revisions to Form SR-1 entitled "Monthly Report of Minerals Subject to State Royalties;" and

WHEREAS, it has been ascertained that said Form SR-1 may need further revision at the present time due to the major coding changes proposed by the Department of Conservation, and may need further additions and/or revisions in the future in order to enable a reasonable office verification of royalties tendered under the new system; and

WHEREAS, the Royalty Accounting Committee recommends and approves further revision of Form SR-1 as necessary, and

WHEREAS, the Royalty Accounting Committee, in the interest of conserving both time and effort in the future, deems it advisable that the Audit Division be authorized to make necessary additions and/or revisions in said Form SR-1 in the future if and when circumstances demand that such additions and/or revisions be made, without the necessity of further resolutions of the State Mineral Board,

THEREFORE BE IT RESOLVED, that the State Mineral Board authorize the Audit Division to make additions and/or revisions to the Form SR-1 now and in the future as such additions and/or revisions are needed and to authorize the use of such revised forms;

BE IT FURTHER RESOLVED, that the Audit Division be authorized and directed now and in the future, as necessary, to prepare instructions as to the filing of these forms and to prepare such additions and/or revisions as may be needed now and in the future to obtain all needed information, and to place them in use;

BE IT FURTHER RESOLVED, that the Audit Division be authorized to make future additions and/or revisions of said Form SR-1 and the instructions for filing these forms without the necessity of further resolutions of the State Mineral Board authorizing such additions and/or revisions.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 12th day of April, 1972, pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

L. J. Bernard

RESOLUTION

LOUISIANA STATE MINERAL BOARD

On motion of Segura, seconded by Becnel, the following Resolution was offered and adopted:

WHEREAS, the Mineral Board has previously adopted resolutions pertaining to the payment of royalties and recoupments or adjustments; and

WHEREAS, such resolutions have been amended, cancelled or superseded by new resolutions in order to provide policies to meet changing conditions; and

WHEREAS, the staff has advised that a significant number of routine errors in reporting royalty payments are for recoupments or adjustments that amount to $25,000 or less, and that these royalty adjustments are to LUW codes, LUW codes within the same field, or adjustments between gas royalty and plant products royalty; and

WHEREAS, the staff has also advised that these recoupments or adjustments account for the majority of staff time spent in auditing recoupment requests; and

WHEREAS, in recognition that the Mineral Income Division has limited staff to address all audit needs, and time can be more productively utilized in performing continuing audits rather than auditing recoupment requests; and

WHEREAS, the staff recommends that the Director of the Mineral Income Division or persons designated by the Director be authorized to allow adjustments based on calculation or related errors amounting to $25,000 or less to LUW codes for the same disposition date and product type, adjustments between LUW codes within the same field amounting to $25,000 or less for the same disposition date and product type, and adjustments between gas royalty payments and plant products royalty payments amounting to $25,000 or less for the same disposition date; all such adjustments subject to audit;

THEREFORE, BE IT RESOLVED, that the Director of the Mineral Income Division or persons designated by the Director be authorized to allow adjustments based on calculation or related errors amounting to $25,000 or less to LUW codes for the same disposition date and product type, adjustments between LUW codes within the same field amounting to $25,000 or less for the same disposition date and product type, and adjustments between gas royalty payments and plant products royalty payments amounting to $25,000 or less for the same disposition date, subject to audit; and

BE IT FURTHER RESOLVED, that the Board maintains its policy not to consider adjustments based on title.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 11th day of April 2007, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

AUDIT COMMITTEE

ON MOTION of Mr. Segura, seconded by Mr. Sanders, the following Resolution was offered and adopted:

WHEREAS, the Louisiana State Mineral and Energy Board has, by prior resolutions dated November 21, 1963, June 11, 1969 and April 12, 1972, authorized the Mineral Income Division of the Office of Mineral Resources to prepare and implement revisions to the form entitled "Monthly Report of Minerals Subject to State Royalties" ("Form SR"); and

WHEREAS, it has been determined that Form SR may need further revision at the present time to accommodate technological advancements and system changes and implementation; and

WHEREAS, The Audit Committee recommends and approves further revision of Form SR as necessary; and

WHEREAS, the staff recommends that the Office of Mineral Resources may require all payors remitting royalty payments in excess of $25,000.00 annually for the previous calendar year to submit Form SR exclusively using the Office of Mineral Resources Online State Royalty Reporting System;

WHEREAS, the staff recommends that the Office of Mineral Resources implement mandatory Online State Royalty Reporting for Form SR submitted in conjunction with a deadline on and thereafter October 25, 2012;

WHEREAS, the staff recommends that failure of a payor to remit Form SR online as set forth by Louisiana State Mineral and Energy Board Resolution be considered incorrect reporting;

THEREFORE, BE IT RESOLVED, that the Office of Mineral Resources is authorized to require all Forms SR for state royalty payments made by a single payor in excess of $25,000.00 in the previous calendar year be submitted using the Office of Mineral Resources Online State Royalty Reporting System.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana on the 11th day of April, 2012, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

AUDIT COMMITTEE

ON MOTION of Mr. Segura, seconded by Mr. Sanders, the following Resolution was offered and adopted:

WHEREAS, upon authorization by the Commissioner of Conservation, in certain circumstances, operators may utilize long lateral hydrofracturing technologies which cross the boundary of one or more units to produce hydrocarbons;

WHEREAS, all royalties derived from the production of hydrocarbons from such authorized long lateral hydrofracturing technologies utilized within these wells shall be reported to the Office of Mineral Resources ("OMR");

THEREFORE BE IT RESOLVED, that any and all royalties derived from the utilization of authorized long lateral hydrofracturing technologies, which extend into more than one unit must be presented and paid separately for each unit; and

BE IT FURTHER RESOLVED, that all royalties shall be reported to OMR utilizing the Department of Natural Resources Online Royalty Reporting System and all royalty reports shall be submitted in "Excel" (".xls") format.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

Royalty Audit Policies

RESOLUTION

WHEREAS, the Audit Division is in need of minimum standards by which to audit the correctness of royalty payments on plant products tendered to the State of Louisiana; and,

WHEREAS, problems of interpretation of such standards will from time to time arise; and,

WHEREAS, on motion of Mr. Woods, seconded by Mr. Sherrouse, the following Resolution was offered and adopted:

BE IT RESOLVED that the standards or guidelines attached hereto and made a part hereof are approved by the Louisiana State Mineral Board for use by its auditing staff in making its comprehensive study of plant products and processed gas royalty payments, such standards to serve as minimum standards in the performance of the auditing function.

BE IT FURTHER RESOLVED that compliance with these minimum standards by any lessee of the State is not intended to bind or estop any lessee of the State or to bind or estop the State in the event of future dispute or litigation concerning the legal meaning or interpretation of any of the lease forms covered under the attached standards.

BE IT FURTHER RESOLVED that use of these minimum standards by the Audit Division is a matter of administrative convenience and that lessees, in making royalty payments according to these standards, will be free of any necessity to make any special appearance or showing before the Louisiana State Mineral Board concerning the correctness of royalty payments.

BE IT FURTHER RESOLVED that in the event the Audit Division discovers any instances in which lessees are not accounting for royalty payments according to the attached standards, the pertinent information shall be referred to the Royalty Accounting Committee for its consideration and disposition.

BE IT FURTHER RESOLVED, that the Royalty Accounting Committee be and it is hereby authorized to interpret and apply the attached standards to the various fact situations as they arise and to direct the Audit Division staff concerning procedures to be followed in applying the Committee's interpretations of the standards.

BE IT FURTHER RESOLVED, that these guidelines shall be effective January 1, 1971. At this time it is anticipated that all companies submitting royalties on plant products will base their payments on the percentages set forth in the guidelines. If it is found, on the first bi-annual review, that something less than the percentage set forth in the guidelines has been paid by any State lessee, the State Mineral Board contemplates retroactive adjustment for this two year period.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 9th day of December, 1970, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Edward H. Rhoden

Acting Secretary, State Mineral Board

GUIDELINES FOR PAYMENT OF ROYALTY ON PROCESSED GAS FROM STATE LEASES

These guidelines are for the audit staff of the State Mineral Board as a guide for their use in determining whether the State's lessees are tendering royalty on plant products and residue gas in a manner considered satisfactory by the Board. It is intended that tendered payments that are found to be consistent with these guidelines may be accepted without further review or action on the part of the Royalty Accounting Committee or the Board.

1. In all cases where gas from State leases is processed royalty should be tendered in 100% of the volume of the residue gas. Residue gas is defined as: all plant source gas delivered by a producer for processing, less shrinkage due to liquid extraction, fuel required for plant equipment necessary for liquid extraction, flare gas, and unavoidable losses.

2. When the State's lessee is having the gas processed under a processing agreement by a plant in which the lessee owns no interest royalty should be tendered on 100% of the products or value thereof as the case may be which are returned to the lessee under the processing agreement.

3. Except as provided in Paragraph 4 hereof, when the State's lessee owns an interest in the plant, and is having the gas processed therein, then initially an allocation of not less than 40% of the value of the liquids extracted should be allocated back to the lease for royalty purposes.

The initial 40% figure should be revised upward or downward bi-annually depending on the annual percentage of net return of the plant determined as hereinafter provided. If such net return is 15% to 20%, then the minimum of 40% should remain unchanged. If net return should increase above 20% or decrease below 15%, the minimum acceptable allocation back to the lease shall be as follows:

For each full percent increase in net return percentage above 20%, the 40% base would be increased by 1/2%. For each full percent decrease in net return percentage below 15%, the 40% base would be decreased by 1/2%.

4. When the State's lessee owns an interest in the plant, and such lessee is processing gas from both its federal and state leases in such plant, then notwithstanding anything to the contrary in Paragraph 3 hereof, such lessee shall allocate back to its state lease(s) for royalty purposes the same percentage of liquids such lessee allocates back to its federal lease(s).

5. In no case should total royalty on residue gas and liquids extracted be less than the royalty which would be payable at the lease on the unprocessed gas.

6. Plant net return for use as provided in Paragraph 3 hereof is to be calculated as follows:

A = Proceeds realized at tail gate of plant for liquid products (after fractionation fee if such is based on the fractionator's retaining a portion of the liquids).

B = Plant direct operating cost. (This would include cost of transporting plant fuel and shrinkage and any other out-of-pocket expense directly associated with plant operations including ad valorem, and all other applicable taxes.) It would also include fractionation when based on a dollar fee or done as part of the overall plant operations.

C = Overhead - 25% of B.

D = Value allocated suppliers (percentage of proceeds from liquids (A) returned to leases - amount should be calculated using base percentage allowed State - as if that percentage applied to all leases delivering to the plant - actual settlement bases should be ignored).

E = Depreciation of capital expenditure less salvage value. (Depreciation is to be calculated in accordance with generally accepted accounting practices. Investment to be depreciated is the total capital investment in the plant less all previous depreciation allowed or allowable to the date that the guidelines become effective.)

F = Federal Income tax applicable to plant operations calculated using statutory corporate income tax rate which is now 48%. E = 48% X[A - (B+C+D+E+G)]

G = State Income Tax. G=[A - (B+C+D+E)] X applicable % under State Law.

NET RETURN = A - (B+C+D+E+F+G)

$\frac{\text{NET RETURN}}{\text{A}}$ = Annual percentage return

7. The reporting requirements and forms to be used are shown in the attachment.

8. Where there are several co-owners of a processing plant, a consolidated or plant report is not expected. Each State lessee having gas processed in any such plant shall separately report its net return from the plant, it being recognized that this may vary with lessees because of variance in plant product prices.

9. (a) These guidelines shall not be applicable in cases where a specific agreement relating to processing specific gas through a specific plant is made between the State and its lessee. In such cases the agreement shall control as to the proper payment of royalty.

(b) These guidelines shall be applicable temporarily to gas produced under the 1966 lease form until experience as to such form has been accumulated. If hereafter it is determined by the State that it is necessary to terminate the applicability of those guidelines to gas under the 1966 forms any new instructions issued to the staff will be prospective from their date of issue and notice thereof to the State's lessees.

NET RETURN REPORT
_____ GAS PROCESSING PLANT
COMPANY _____ PLANT INTEREST _____
PERIOD _____ THROUGH _____

A. Proceeds Realized at Tailgate of Plant for Liquid Products

Gallons	Avg. Price	Value
xxx	$/Gallon $ .xxx	$xxx

B. Plant Direct Operating Cost

Operations	$xxx	
Maintenance	xxx	
Plant Supervision	xxx	
TOTAL		$xxx

C. Overhead - 25% of B

D. Value Allocated Plant Suppliers

$ xxx

E. Depreciation

(Attach Depreciation schedule to this statement and explain method of depreciation)

$ xxx

F. Federal Income Tax

$ xxx

G. State Income Tax

$ xxx

NET RETURN = A - (B+C+D+E+F+G) $ xxx

$\frac{\text{NET RETURN}}{\text{A}}$ = ANNUAL PERCENTAGE RETURN

RESOLUTION

LOUISIANA STATE MINERAL BOARD

On motion of Ms. Smith, duly seconded by Mr. Arnold, the following Resolution was offered and unanimously adopted:

WHEREAS, the State of Louisiana through the State Mineral Board is a party to a significant number of mineral leases, operating agreements, exclusive and non-exclusive geophysical agreements (hereinafter referred to collectively as "State leases"), with numerous parties, lessees, operators, and payors; and

WHEREAS, the nature of the oil and gas exploration and production industry is speculative and susceptible to significant market driven forces; and

WHEREAS, these market forces often place the parties, lessees, operators, and payors in the position of filing for bankruptcy protection under the laws of the United States of America; and

WHEREAS, the State Mineral Board, being the contracting entity in the State leases, has an inherent interest as a creditor in the bankruptcy proceeding of the numerous parties, lessees, operators, and/or payors seeking bankruptcy protection under the laws of the United States of America; now therefore

BE IT RESOLVED, that the State Mineral Board does hereby authorize and approve the Office of Mineral Resources, Mineral Income Division, to conduct all appropriate and necessary audits of any party, lessee, operator, and/or payor, of a State lease, that has, or may, file for bankruptcy protection under the laws of the United States of America. Said audits are necessary to ensure that the State Mineral Board's claims, royalties, and exceptions are accurately represented in the bankruptcy process.

BE IT FURTHER RESOLVED, that the Office of Mineral Resources, Mineral Income Division, shall comply with all applicable bankruptcy laws and procedures of the United States of America, and the Office of Mineral Resources, Mineral Income Division, shall work in conjunction with the assistance of counsel before engaging in the above authorized audit procedures during a bankruptcy.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, State of Louisiana, on the 12th day of August, 2009, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral Board

RESOLUTION

ON MOTION of Ms. Surprenant, seconded by Mr. Caldwell, the Louisiana State Mineral Board adopted the following resolution:

WHEREAS, certain lessees of the State of Louisiana have requested a clarification of the Louisiana State Mineral Board's policy, presently and historically, with respect to a deduction of cost of transporting gas from the well to an off-lease sales delivery point:

BE IT RESOLVED that:

(1) The 1942 State Lease Form provides in part as follows: Should sulphur, potash, oil, gas and/or other liquid hydrocarbon mineral be produced in paying quantities on the premises hereunder, then the said lessee shall deliver to lessor as royalty, free of expenses: _____ of all gas produced and saved or utilized, delivery of said gas to be understood as made when same has been received by the first purchaser thereof. Or lessee may, in lieu of said gas delivery, and at its option, pay to lessor sums equal to the value thereof at the well, provided no gathering or other charges are made chargeable to lessor; provided further that the price paid lessor for said gas shall not be less than the average price then current for gas of like character or quality delivered to the pipe line purchaser in that field.

(2) Where the lessee sells gas at the well in arm's length transactions, the policy of the Mineral Board with respect to the quoted lease royalty provision is presently, and historically has been, to accept such sales as evidence of "value thereof at the well" and no deduction is allowed for transportation beyond the lease, or for "gathering or other charges."

(3) However, where gas is sold by the lessee in an arm's length transaction at a delivery point away from the lease, the policy of the Mineral Board with respect to the quoted lease royalty provision is presently, and historically has been, to take transportation costs (but not "gathering or other charges") into account in determining value at the well. In practice, gross sales proceeds of arm's length transactions at the sales delivery point less reasonable transportation costs are generally accepted by the Board as a correct determination of value at the well for royalty payment purposes.

(4) Where gas is not sold by the lessee in an arm's length transaction, and prices at a point away from the lease are referred to for evidence of value, the policy of the Mineral Board with respect to the quoted lease royalty provision is presently, and historically has been, to take transportation costs (but not "gathering or other charges") into account in determining value at the well. In practice, prices at gas market centers less reasonable transportation costs are generally accepted by the Board as a correct determination of value at the well for royalty payment purposes.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board in the City of Baton Rouge, Louisiana, on the 13th day of December, 2000, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Gus Rodman

State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

AUDIT COMMITTEE

ON MOTION of Mr. Segura, seconded by Mr. Sanders, the following Resolution was offered and adopted:

WHEREAS, the Mineral Board has previously adopted resolutions pertaining to the payment of royalties and recoupments or adjustments; and

WHEREAS, such resolutions have been amended, cancelled or superseded by new resolutions in order to provide policies to meet changing conditions; and

WHEREAS, the Office of Mineral Resources conducts field audits of all major payors of royalty on a periodic basis; and

WHEREAS, a field audit includes inspecting third party documents to determine the accuracy of royalty payments; and

WHEREAS, audit findings include both royalty underpayments and overpayments; and

WHEREAS, the staff recommends that the Office of Mineral Resources are authorized to reject any and all adjustments based on calculation or related errors, when those adjustments pre-date the most recent closed audit period, or in the absence of a date for the most recent closed audit period, the acceptable period defaults to the most recent audit start date;

THEREFORE, BE IT RESOLVED, that the Office of Mineral Resources is authorized to reject any and all adjustments based on calculation or related errors in the event that the adjustment or error occurred prior to the end date of a closed audit period or the start date of an audit in the absence of a closed audit period; and

BE IT FURTHER RESOLVED, that the Board maintains its policy not to consider adjustments based on title.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana on the 14th day of July, 2010, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaught

LOUISIANA STATE MINERAL AND ENERGY BOARD

Disallow Recoupments during open audit

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #16-01-007
(AUDIT COMMITTEE)

WHEREAS, the State Mineral and Energy Board, through the Office of Mineral Resources, regularly conducts audits of lessees, payors, and other obligees of the State of Louisiana to ensure the proper payment of mineral royalties; and

WHEREAS, the State Mineral and Energy Board has previously adopted resolutions pertaining to the payment of royalties and recoupments or adjustments; and

WHEREAS, pursuant to La. Const. Art. VII, Sec. 9, payments received by the State Mineral and Energy Board or the Office of Mineral Resources in the form of royalties or other payments for mineral production or extraction on lands or water bottoms claimed by the State of Louisiana are State Funds that are required to be deposited with the state treasury within the time limits prescribed by law; and

WHEREAS, pursuant to La. R.S. 30:129, the State Mineral and Energy Board, to ensure compliance with obligations under mineral leases and other mineral agreements issued pursuant to its authority, "has general authority to take any action for the protection of the interests of the State;" and

WHEREAS, pursuant to La. R.S. 30:136(A)(1)(b), the State Mineral and Energy Board is charged to hold royalty payments or other payments for mineral production or extraction on lands or water bottoms claimed by the State of Louisiana until such time as it can determine that it has been paid properly according to the terms of its leases and the law; and

WHEREAS, the State Mineral and Energy Board has long interpreted La. R.S. 30:136(A)(1)(b) as a legislative embodiment of the prohibition against the donation, loan, or pledge of public credit contained in La. Const. Art. VII, Sec. 14(A), thus prohibiting any automatic return of royalty payments or other payments for mineral production or extraction on lands or water bottoms claimed by the State of Louisiana that are alleged by the lessee, payor, or obligee of the State of Louisiana to represent overpayments until such time as it can determine that it has been paid properly according to the terms of its leases and the law; and

WHEREAS, pursuant to this constitutional and statutory authority and obligations, the State Mineral and Energy Board has long interpreted such legal charges to mandate the withholding of alleged royalty overpayments from any single lessee, payor, or other oblige of the State of Louisiana from any lease or attributable to any LUW code until the completion of audits and verifications of amounts owed in order to ensure that the State is properly paid; and

WHEREAS, this interpretation has led to the longstanding policy by which recoupment requests for alleged overpayment by lessees, payors, or other obligees of the State of Louisiana are denied until the Office of Mineral Resources has completed open audits and has determined the actual amounts owed by such lessees, payors, or other obligees in order to offset future royalty payments; and

WHEREAS, such policy and interpretation was embodied in a resolution adopted by the State Mineral Board on April 11, 2007.

On motion of Mr. Segura, seconded by Mr. Haik, the following Resolution was offered and unanimously adopted by the State Mineral and Energy Board:

NOW, BE IT THEREFORE RESOLVED, without modifying or rescinding the Resolution adopted on April 11, 2007, and made a part hereof as Exhibit A, that the State Mineral and Energy Board officially and explicitly expresses its longstanding interpretation of La. R.S. 30:136(A)(1)(b) to require the Office of Mineral Resources and the State Mineral and Energy Board to deny recoupment requests for alleged overpayments and to withhold such alleged overpayments from any particular lease or attributable to any LUW code as an offset against future royalty payments until the completion of open audits of lessees, payors, and other obligees of the State of Louisiana. Only after the completion of such open audits shall the Office of Mineral Resources and the State Mineral and Energy Board consider recoupment requests for alleged overpayments and, if such allegations are found to be valid, allow the appropriate party or parties to offset overpayment against future royalties for the balance of the verified overpayments.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of January, 2016, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
State Mineral and Energy Board

RESOLUTION

On motion of Ms. Boles, seconded by Mrs. Stroud, the following Resolution was offered and adopted:

WHEREAS, it has come to the attention of the State Mineral Board that certain lessees of the State have renegotiated their gas purchase contracts or have collected sums pursuant to said contracts in lieu of the purchasers' obligation to take quantities of gas; and

WHEREAS, the State's royalty share of the gas subject to said gas purchase contract is equally affected by said transactions, both as to price received and as to the volume of gas sold and transported pursuant to the gas contract; and

WHEREAS, it appears that in some cases the State's lessees have neither notified the State of such renegotiations, settlements, or collection of sums due under those contracts nor paid the State's royalty share; and

WHEREAS, it is the State Mineral Board's intention that all sums collected or attributable to gas contracts which affect state royalty gas should be paid to the State along with other royalties due;

NOW THEREFORE, BE IT RESOLVED, that the state's lessees be and hereby are directed to report to the state any transaction which may reduce either the quantity or price of state royalty gas sold pursuant to any gas contract.

BE IT FURTHER RESOLVED, that the state's lessees be and hereby are directed to pay to the state as royalty its proportionate share of any and all payments made pursuant to any such gas contract, or renegotiation, compromise or settlement thereof; and

BE IT FURTHER RESOLVED, that the staff be and hereby is directed to make every effort to identify and collect all such royalties due and owing as a result of previous gas contract settlements, renegotiations or collections of payments; and

BE IT FURTHER RESOLVED, that in the event any state lessee refuses to identify any such gas contract or settlement payment or to pay the state its royalty share, that the staff is directed to audit the royalties of said lessee based upon the original contract volumes and prices.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 9th, day of October, 1985, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

108 Edward McRhorer

State Mineral Board

RESOLUTION

On motion of Mr. Schober, seconded by Mr. Scott, the following Resolution was offered and adopted:

WHEREAS, by Resolutions dated October 9, 1985 and October 10, 1990, the State Mineral Board expressed its position that State royalty was due and payable on all sums or benefits received as a result of gas contract settlements, including buydowns, buyouts and take-or-pay settlements; and

WHEREAS, the Louisiana Supreme Court has now issued its decision in the case of Fredrick J. Frey, et al. versus Amoco Production Company finding in favor of the lessors' right to collect royalty on proceeds from take-or-pay settlements; and

WHEREAS, the State Mineral Board, in accordance with prior Resolutions and supported by the recent decision of the Louisiana Supreme Court, desires to reiterate its position regarding royalties due on gas contract settlements;

NOW THEREFORE BE IT RESOLVED, that the State's lessees be and hereby are directed to pay to the State as royalty its proportionate share of any and all things of value received as consideration for any contract settlement which has the effect of reducing or substantially delaying the volumes of gas produced from a State Lease, or which reduces the price received for the gas produced from the lease; and

BE IT FURTHER RESOLVED, that a copy of this Resolution be distributed to all parties currently paying royalties to the State, to all State lessees, and disseminated to all interested parties; and

BE IT FURTHER RESOLVED, that the staff be and hereby is directed to make every effort to identify and collect all such royalties due and owing as a result of previous gas contract settlements; and

BE IT FURTHER RESOLVED, that the State Mineral Board demands that all such documents be identified to the staff of the Office of Mineral Resources and be made available upon request by that Office; and

BE IT FURTHER RESOLVED, that the Fact Finding Committee of the Board make requests upon lessees for the information where it has not been previously furnished and the Royalty Accounting Committee not consider recoupment requests from companies who have not complied with either requests for information or payment of royalty on gas contracts settlements; and

BE IT FURTHER RESOLVED, that in consideration for payment of royalty due on gas contract settlements by September 30, 1992, the Board agrees to waive penalties on all such amounts.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 8th day of July, 1992, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #15-08-012
(AUDIT COMMITTEE)

WHEREAS, pursuant to La. R.S. 30:124, the State Mineral and Energy Board (Board) is authorized to lease for the development and production of minerals lands belonging to the State of Louisiana (State) or the title to which is in the public trust; and

WHEREAS, pursuant to La. R.S. 30:136.A(1)(a), all bonuses, rentals, royalties, shut-in payments and other such sums payable to the State for mineral leases upon state-owned lands shall be paid to the Office of Mineral Resources (OMR); and

WHEREAS, pursuant to La. R.S. 30:136.A(1)(b), the Board is required to determine whether such payments are correct, sufficient and timely made; and

WHEREAS, La. R.S. 30:136.A(2) recognizes that overpayments and underpayments of royalties on state-owned lands will occur; and

WHEREAS, La. R.S. 30:135 requires that OMR provide the necessary staff functions to assist the Board in its leasing, supervisory and related activities; and

WHEREAS, pursuant to the foregoing statutory mandate, OMR Staff expends considerable time, effort and industry reviewing, researching and processing requests for reimbursement of overpayments of royalties; and

WHEREAS, pursuant to La. R.S. 30:136.A(2), the Board is authorized to promulgate rules in accordance with the Administrative Procedure Act to assess fees to recoup the costs incurred by OMR for processing such requests; and

WHEREAS, by Resolution dated December 12, 1990, pursuant to this statutory authority, the Board approved assessing to Payors a fee of Thirty-Five ($35.00) Dollars per hour to recoup the costs incurred by OMR for processing such requests; and

WHEREAS, given the passage of time, OMR Staff has determined that this hourly rate is inadequate and insufficient to reimburse OMR for the comprehensive services rendered in processing such requests; and

WHEREAS, having thoroughly researched this matter, OMR Staff recommends that the Resolution dated December 12, 1990 be rescinded, and that a fee of Sixty-Five

($65.00) Dollars per hour be assessed to Payors to recoup the costs incurred by OMR for processing requests for reimbursement of overpayments of royalties.

ON MOTION of Mr. Segura, seconded by Mr. Sanders, after discussion and careful consideration, the foregoing OMR Staff recommendation was offered and unanimously accepted by the Audit Committee.

WHEREAS, in response to the foregoing OMR Staff recommendation and action of the Audit Committee;

ON MOTION of Mr. Segura, seconded by Mr. Sanders, the following Resolution was offered and unanimously adopted by the Board:

NOW THEREFORE, BE IT RESOLVED:

1) That the Resolution dated December 12, 1990 be and is hereby rescinded;

2) That a recoupment fee of Sixty-Five ($65.00) Dollars per hour for services rendered by OMR for processing requests for reimbursement of overpayments is fair, reasonable and appropriate;

3) That OMR Staff is directed to initiate the process necessary to adopt rules in accordance with the Administrative Procedure Act to assess a recoupment fee in this amount; and

4) That upon satisfaction of all requirements under the Administrative Procedure Act, OMR Staff is directed to commence assessing to Payors a fee of Sixty-Five ($65.00) Dollars per hour to recoup the costs incurred by OMR for processing requests for reimbursement of overpayments of royalties.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 12th day of August 2015 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and in compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of the Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
State Mineral and Energy Board

Resolution #15-08-012
(Audit Committee)

Penalties and Liquidated Damages

RESOLUTION

LOUISIANA STATE MINERAL BOARD

ON MOTION, of Mr. Bertrand, seconded by Mr. Domino, the following resolution was offered and adopted:

WHEREAS, the Board determined that a Board Policy should be implemented to address the issue of one entity incurring multiple penalties for the same occurrence, i.e. multiple late release penalties.

WHEREAS, after discussion and careful consideration by the State Mineral Board, a decision has been reached.

NOW BE IT THEREFORE RESOLVED, that entities incurring multiple penalties for the same occurrence should be penalized in the following manner: 2nd offense would incur a penalty equal in amount to the bonus of the lease released late plus the per day rental multiplied by the number of days late, but in no case more than the original penalty; 3rd offense would incur a penalty equal in amount to twice the bonus of the applicable lease plus the per day rental multiplied by the number of days late; each successive offense would add an amount of penalty to the previous penalty equal to the bonus, but remembering always not to exceed the original penalty amount.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 9th day of July, 2003, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.

Louisiana State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL BOARD

Legal and Title Controversy Committee

ON MOTION, of Mr. Noel, seconded by Mr. Arnold, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by OMR Staff for Board interpretation of certain language contained in Revised Statute 30:125(B) (registration with OMR) as it relates to the liquidated damage assessment to be levied against the lessee if the lessee does not timely submit the proper Secretary of State renewal certificate.

WHEREAS, after discussion and careful consideration by the State Mineral Board, a decision has been reached:

NOW BE IT THEREFORE RESOLVED, that the liquidated damage assessment provided for in Revised Statute 30:125(B) be applied per lessee with a graduated scale for continued lack of cooperation in registering with the Office of Mineral Resources as required by law.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 8th day of March 2006, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.

Louisiana State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Cordaro, seconded by Mr. Arnold, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by Staff that the Board further consider the criteria presented at the April 8, 2008 Mineral Board Meeting for waiver of liquidated damages assessed for late release to include additional factors in making a determination for waiver for all or part of liquidated damage assessments;

WHEREAS, after discussion and careful consideration by the State Mineral Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the Board grant final approval of the following criteria for considering requests for waivers of all or a portion of liquidated damage assessments for late release of terminated leases and that said criteria be posted on the Department of Natural Resources (DNR) website for the public:

CRITERIA FOR WAIVER OF LIQUIDATED DAMAGES FOR THE LATE RELEASE OF A STATE MINERAL LEASE

A. FIRST INFRACTION: Complete waiver of the entire assessment.

B. SUBSEQUENT INFRACTIONS: Determine the percentage of total acreage that was released late.

$$\frac{\text{Amount of acreage released late}}{\text{Total leased acreage}} = X$$

Multiply that amount by the liquidated damage assessment or the original lease bonus amount, whichever is less, to reduce further.

C. The Mineral Board may waive the entirety or a further portion of the liquidated damage assessment for cause, or, if the circumstances of the late release demonstrate misconduct or bad faith, the Board may determine that no reduction of the assessment is warranted. In making a determination, the board will consider, among other factors, the following:

1) The number of prior appearances before the board requesting waivers.

2) The number of days late before release recordation.

3) Present leasing activity in the area.

4) The severity/conditions of the request.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 13th day of May, 2009, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.

Victor M. Vaught

LOUISIANA STATE MINERAL BOARD

RESOLUTION

LOUISIANA STATE MINERAL BOARD

On motion of Mr. Noel, seconded by Mr. Arnold, the following Resolution was offered and adopted:

WHEREAS, the State Mineral Board, under LA. R. S. 30:136, may assess to payors of State royalty a penalty for the late payment of royalty and audit billings, and additionally may waive all or part of the assessed penalty for cause; and

WHEREAS, the Board, dissatisfied with the handling of requests for waiver of penalties assessed on late payments of royalty under LA. R. S. 30:136 did in April, 1994 abolish the policy established in 1989 by a prior Board regarding same, and has, since that time, handled requests for waiver on a case-by-case basis; and

WHEREAS, the Board does now wish to establish a policy which will ensure consistency in the handling of penalty waiver requests and assure that penalties for late payment of royalty and audit billings are fairly assessed and timely collected;

THEREFORE, BE IT RESOLVED, that the Board does herein and hereby unanimously adopt the penalty waiver protocol as presented by staff; and

BE IT FURTHER RESOLVED, that requests for waiver of penalties assessed for the late payment of royalty and audit billings shall be handled utilizing the newly adopted penalty waiver protocol.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 12th day of March 2008, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Victor M. Vaught

State Mineral Board

Penalty Waiver Protocols

The authority to waive all or part of assessed penalties is granted to the State Mineral Board under LA. R. S. 30:136.

This section was rescinded and replaced on 8/12/2015.

Failure to Pay Royalties Timely – Liquidated Damages

Penalty: 10% of total sum due up to a maximum of $1,000 (R.S. 30:136(B)(2))

Waivers: May be granted by the Assistant Secretary or his designee in whole for cause or in part based upon the following schedule. (State Mineral Board Resolution dated December 12, 2007.)

100% for cause; or in part in accordance with the following:
75% reduction in penalty on royalty amounts outstanding up to 3 years
50% reduction in penalty on royalty amounts outstanding up to 6 years
0% reduction in penalty on royalty amounts outstanding over 6 years

Incorrect Royalty Reporting – Liquidated Damages

Penalty: 5% of total sum due or paid up to a maximum of $500 (R.S. 30:136(B)(1))

Waivers: May be granted by the Assistant Secretary or his designee in whole for cause or in part based upon the following schedule. (State Mineral Board Resolution dated May 10, 2006.)

100% reduction for the first infraction
75% reduction for the second infraction
50% reduction for the third infraction
0% reduction for more than three infractions

Failure to File a Payor Notification Form – Liquidated Damages

Penalty: $1,000 per LUW code not reported (R.S. 30:136(A)(1)(b))

Waivers: May be granted by the Assistant Secretary or his designee in whole for cause or in part based upon the following schedule. (State Mineral Board Resolution dated May 10, 2006.)

100% reduction for the first infraction
75% reduction for the second infraction
50% reduction for the third infraction
0% reduction for more than three infractions

Late Payment of Royalty – State General Fund Revenues

Penalty: 60 day grace period given; penalty assessed at 2% on the 61st day late and an additional 2% each 30 day period thereafter, or fraction thereof, up to a maximum of 24% on the late payment or non payment of royalty. The penalty shall be in addition to interest at the legal rate compounded monthly. Both the penalty and the interest on the penalty shall accrue to the principal and interest accumulated at the end of each 30 day period or fraction there of. (R.S. 30:136(B)(3))

Waivers: May be granted by the Assistant Secretary if $10,000 or less is assessed or by the State Mineral Board if the assessment is greater than $10,000 based upon recommendations from the staff. Staff recommendations are made using the following rating system. (State Mineral Board Resolution dated December 12, 2007.)

100% for cause; or in part in accordance with the following:
75% reduction in penalty on royalty amounts outstanding up to 3 (three) years
50% reduction in penalty on royalty amounts outstanding up to 6 (six) years
0% reduction in penalty on royalty amounts outstanding up to 6 (six) years

Field Audit Penalties – State General Fund Revenues

Penalty: 60 day grace period given; penalty assessed at 2% on the 61st day late and an additional 2% each 30 day period thereafter, or fraction thereof, up to a maximum of 24% on the late payment or non payment of royalty. The penalty shall be in addition to interest at the legal rate compounded monthly. Both the penalty and the interest on the penalty shall accrue to the principal and interest accumulated at the end of each 30 day period or fraction there of. (R.S. 30:136(B)(3))

Waivers: May be granted by the Assistant Secretary if $10,000 or less is assessed or by the State Mineral Board if the assessment is greater than $10,000 based upon recommendations from the staff. Staff recommendations are made using the following rating system.

Outstanding = 100% reduction, if score is 10 points
Good = 75% reduction, if score is 8 – 9 points
Average = 50% reduction, if score is 6 – 7 points
Fair = 25% reduction, if score is 4 – 5 points
Poor = 0% reduction, if score is 0 – 3 points

Elements for Determination of Rating:

1. Has the Company been audited before?
   0 points = same problems as previous audit(s)

1 point = some of the same problems are billed; some had been corrected
2 points = first audit; or if only new issues, different from prior audit

2. Was the Company cooperative with accommodations and scheduling?
   0 points = not at all
   1 point = somewhat cooperative
   2 points = very cooperative

3. Did the Company provide ready access to key personnel and records?
   0 points = not at all
   1 point = difficulty with personnel, or records, but not both
   2 points = very timely responses to questions or requests for more records

4. Were all issues paid timely?
   0 points = none
   1 point = partial payment
   2 points = full payment

5. Did the Company take steps to prevent recurrence of errors on future royalty?
   0 points = not at all
   1 point = some corrective measures were implemented
   2 points = company corrected problems or is in the process of doing so

Penalty Waiver Protocol – La. R.S. 30:136.B(2)

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #15-08-014
(AUDIT COMMITTEE)

WHEREAS, pursuant to La. R.S. 30:136.A(1)(a), all bonuses, rentals, royalties, shut-in payments and other such sums payable to the State of Louisiana (State) for mineral leases upon state-owned lands shall be paid to the Office of Mineral Resources (OMR); and

WHEREAS, pursuant to La. R.S. 30:136.A(1)(b), OMR is required to maintain a log of all such payments to facilitate the State Mineral and Energy Board's (Board) ability to determine whether such payments are correct, sufficient and timely made; and

WHEREAS, pursuant to La. R.S. 30:136.B(2), the Board shall assess a penalty to a Payor of State royalty of ten (10%) percent of the total sum due, not to exceed One Thousand ($1,000.00) Dollars, for non-payment or underpayment of royalties; and

WHEREAS, pursuant to La. R.S. 30:136.B(2), the Board may waive the whole or any part of any such penalty assessed; and

WHEREAS, by Resolution adopted April 12, 1995, reaffirmed by Resolutions dated December 12, 2007, March 12, 2008 and September 8, 2010, the Board authorized the OMR Assistant Secretary (or designee) to evaluate and process penalty waiver requests on penalties assessed in amounts less than Ten Thousand ($10,000.00) Dollars in accordance with the following protocol:

- 100% waiver – For cause
- 75% waiver – For royalty amounts outstanding up to three years
- 50% waiver – For royalty amounts outstanding in excess of three but less than six years
- 0% waiver – For royalty amounts outstanding in excess of six years

WHEREAS, by Resolution #15-04-008, dated April 8, 2015, the Board directed OMR Staff to reevaluate the current penalty waiver protocol for penalties assessed for non-payment or underpayment of royalties; and

WHEREAS, based upon OMR Staff recommendations, by Resolution #15-08-014, dated August 12, 2015, the OMR Assistant Secretary and Deputy Assistant

Secretary were authorized to evaluate and process penalty waiver requests for penalties assessed pursuant to La. R.S. 30:136.B(2) and La. R.S. 30:136.B(3) in amounts up to Twenty-Five Thousand ($25,000.00) Dollars; and

WHEREAS, since the maximum penalty assessable for non-payment or underpayment of royalties pursuant to La. R.S. 30:136.B(2) is One Thousand ($1,000.00) Dollars, penalty waiver requests for such penalties necessarily will be processed by the OMR Assistant Secretary or Deputy Assistant Secretary; and

WHEREAS, having reevaluated the nature, circumstances, amounts and volume of penalties assessed and related penalty waiver requests, OMR Staff recommends that the Board rescind the Resolutions dated April 12, 1995, December 12, 2007 and September 8, 2010, and that portion of the Resolution dated March 12, 2008 reaffirming the current penalty waiver protocol for penalties assessed in accordance with La. R.S. 30:136.B(2); and

WHEREAS, OMR Staff further recommends that the Board adopt the following penalty waiver protocol for penalties assessed pursuant to La. R.S. 30:136.B(2) for non-payment or underpayment of royalties:

- 100% reduction – For 1st infraction
- 75% reduction – For 2nd infraction
- 50% reduction – For 3rd infraction
- 0% reduction – For more than three infractions

WHEREAS, OMR Staff further recommends that this penalty waiver protocol be effective and applicable to penalties assessed for non-payment or underpayment of royalties pursuant to La. R.S. 30:136.B(2) on or after October 1, 2015.

WHEREAS, OMR Staff further recommends that the Board retain the authority to review challenges to the OMR Assistant Secretary's or Deputy Assistant Secretary's decisions on penalty waiver requests, but that the Board implement a requirement that Payor requests for review be received by OMR within thirty (30) calendar days of the decision on the penalty waiver request being rendered, and further requiring that the Payor (or representative) be present to explain the basis for the request for review to the Audit Committee at its monthly meeting.

ON MOTION of Mr. Segura, seconded by Mr. Sanders, after discussion and careful consideration, the foregoing OMR Staff recommendations were offered and unanimously accepted by the Audit Committee.

WHEREAS, in response to the foregoing OMR Staff recommendations and action of the Audit Committee;

ON MOTION of Mr. Segura, seconded by Mr. Sanders, the following Resolution was offered and unanimously adopted by the Board:

NOW THEREFORE, BE IT RESOLVED:

1) That the Resolutions dated April 12, 1995, December 12, 2007 and September 8, 2010, and that portion of the Resolution dated March 12, 2008 reaffirming the penalty waiver protocol for penalties assessed pursuant to La. R.S. 30:136.B(2) be and are hereby rescinded;

2) That the OMR Assistant Secretary and Deputy Assistant Secretary be and are hereby authorized to evaluate and process penalty waiver requests for penalties assessed pursuant to La. R.S. 30:136.B(2) in amounts up to Twenty-Five Thousand ($25,000.00) Dollars;

3) That the OMR Assistant Secretary and Deputy Assistant Secretary process penalty waiver requests for penalties assessed pursuant to La. R.S. 30:136.B(2) in accordance with the following protocol:

- 100% reduction – For 1st infraction
- 75% reduction – For 2nd infraction
- 50% reduction – For 3rd infraction
- 0% reduction – For more than three infractions

BE IT FURTHER RESOLVED that the foregoing penalty waiver protocol is effective and applicable to penalties for non-payment or underpayment of royalties pursuant to La. R.S. 30:136.B(2) assessed on or after October 1, 2015.

BE IT FURTHER RESOLVED that any decision by the OMR Assistant Secretary or Deputy Assistant Secretary on a penalty waiver request rendered in accordance with the authority granted hereby is subject to review by the Board on a case-by-case basis. Such review will occur only if:

1) A request for review, in writing, from the Payor is received by OMR within thirty (30) calendar days of the decision on the penalty waiver request being rendered; and

2) The Payor (or representative) is present to explain the basis for the request for review to the Audit Committee at its monthly meeting.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 12th day of August, 2015 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and in compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Board and is now in full force and effect

Victor M. Vaughn, Executive Officer
State Mineral and Energy Board

Penalty Waiver Protocol – La. R.S. 30:136.B(3)

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #15-08-013
(AUDIT COMMITTEE)

WHEREAS, pursuant to La. R.S. 30:136.A(1)(a), all bonuses, rentals, royalties, shut-in payments and other such sums payable to the State of Louisiana (State) for mineral leases upon state-owned lands shall be paid to the Office of Mineral Resources (OMR); and

WHEREAS, pursuant to La. R.S. 30:136.A(1)(b), OMR is required to maintain a log of all such payments to facilitate the State Mineral and Energy Board's (Board) ability to determine whether such payments are correct, sufficient and timely made; and

WHEREAS, pursuant to La. R.S. 30:136.B(3), the Board shall assess a penalty to a Payor of State royalty of two (2%) percent, up to a maximum of twenty-four (24%) percent, of the total sum then due, in addition to the penalty authorized by La. R.S. 30:136.B(2) for non-payment or underpayment of royalties; and

WHEREAS, pursuant to La. R.S. 30:136.B(2) and La. R.S. 30:136.B(3), the Board may waive the whole or any part of any such penalty assessed; and

WHEREAS, by Resolution adopted April 12, 1995, reaffirmed by Resolutions dated December 12, 2007, March 12, 2008 and September 8, 2010, the Board authorized the OMR Assistant Secretary (or designee) to evaluate and process penalty waiver requests on penalties assessed pursuant to La. R.S. 30:136.B(2) and La. R.S. 30:136.B(3) in amounts less than Ten Thousand ($10,000.00) Dollars in accordance with the following protocol:

- 100% waiver – For cause
- 75% waiver – For royalty amounts outstanding up to three years
- 50% waiver – For royalty amounts outstanding in excess of three but less than six years
- 0% waiver – For royalty amounts outstanding in excess of six years

WHEREAS, by Resolution #15-04-008, dated April 8, 2015, the Board directed OMR Staff to reevaluate the current penalty waiver protocol for penalties assessed for non-payment or underpayment of royalties; and

WHEREAS, having reevaluated the nature, circumstances, amounts and volume of penalties assessed and related penalty waiver requests, OMR Staff recommends that the Board rescind the Resolutions dated April 12, 1995, December 12, 2007 and September 8, 2010, and that portion of the Resolution dated March 12, 2008 reaffirming the current penalty waiver protocol for penalties assessed in accordance with La. R.S. 30:136.B(2) and La. R.S. 30:136.B(3); and

WHEREAS, OMR Staff further recommends that the Board authorize the OMR Assistant Secretary and Deputy Assistant Secretary to evaluate and process penalty waiver requests for penalties assessed pursuant to these statutory provisions in amounts up to Twenty-Five Thousand ($25,000.00) Dollars; and

WHEREAS, OMR Staff further recommends that the Board utilize the following penalty waiver protocol for penalties assessed pursuant to La. R.S. 30:136.B(3) for non-payment or underpayment of royalties:

- 100% waiver – For cause
- 75% waiver – For royalty amounts outstanding up to three years
- 50% waiver – For royalty amounts outstanding in excess of three but less than six years
- 0% waiver – For royalty amounts outstanding in excess of six years

WHEREAS, OMR Staff further recommends that the Board retain the authority to review challenges to the OMR Assistant Secretary's or Deputy Assistant Secretary's decisions on penalty waiver requests, but that the Board implement a requirement that Payor requests for review be received by OMR within thirty (30) calendar days of the decision on the penalty waiver request being rendered, and further requiring that the Payor (or representative) be present to explain the basis for the request for review to the Audit Committee at its monthly meeting.

ON MOTION of Mr. Segura, seconded by Mr. Sanders, after discussion and careful consideration, the foregoing OMR Staff recommendations were offered and unanimously accepted by the Audit Committee.

WHEREAS, in response to the foregoing OMR Staff recommendations and action of the Audit Committee;

ON MOTION of Mr. Segura, seconded by Mr. Sanders, the following Resolution was offered and unanimously adopted by the Board:

NOW THEREFORE, BE IT RESOLVED:

1) That the Resolutions dated April 12, 1995, December 12, 2007 and September 8, 2010, and that portion of the Resolution dated March 12, 2008 reaffirming the penalty waiver protocol for penalties assessed pursuant to La. R.S. 30:136.B(2) and La. R.S. 30:136.B(3) be and are hereby rescinded;

2) That the OMR Assistant Secretary and Deputy Assistant Secretary be and are hereby authorized to evaluate and process penalty waiver requests for penalties assessed pursuant to La. R.S. 30:136.B(2) and La. R.S. 30:136.B(3) in amounts up to Twenty-Five Thousand ($25,000.00) Dollars;

3) That the OMR Assistant Secretary or Deputy Assistant Secretary process penalty waiver requests for penalties assessed pursuant to La. R.S. 30:136.B(3) in accordance with the following protocol:

- 100% waiver – For cause
- 75% waiver – For royalty amounts outstanding up to three years
- 50% waiver – For royalty amounts outstanding in excess of three but less than six years
- 0% waiver – for royalty amounts outstanding in excess of six years

BE IT FURTHER RESOLVED that in determining the duration of time royalty payments are outstanding for purposes of processing penalty waiver requests, OMR Staff is required to use the earliest disposition date reported in a single report by product.

BE IT FURTHER RESOLVED that the foregoing penalty waiver protocol is effective and applicable to penalties for non-payment or underpayment of royalties pursuant to La. R.S. 30:136.B(3) assessed on or after October 1, 2015.

BE IT FURTHER RESOLVED that any decision by the OMR Assistant Secretary or Deputy Assistant Secretary on a penalty waiver request rendered in accordance with the authority granted hereby is subject to review by the Board on a case-by-case basis. Such review will occur only if:

1) A request for review, in writing, from the Payor is received by OMR within thirty (30) calendar days of the decision on the penalty waiver request being rendered; and

2) The Payor (or representative) is present to explain the basis for the request for review to the Audit Committee at its monthly meeting.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 12th day of August 2015 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and in compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of the Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
State Mineral and Energy Board

Title Disputes

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Policy Resolution
Escrow Authority

RESOLUTION # 15-06-016

(LEGAL & TITLE CONTROVERSY COMMITTEE)

WHEREAS, La. R.S. 30:129 grants the State Mineral and Energy Board (Board) authority for supervising all mineral leases granted by the State of Louisiana and for taking action to protect the mineral interests of the State; and

WHEREAS, disputes regarding the ownership of minerals to which the State claims title periodically occur; and

WHEREAS, Lessees are required to promptly notify the Office of Mineral Resources (OMR) of a *bona fide* dispute because of an adverse claim by an individual or entity not a party to the lease agreement regarding the ownership or title to all or a portion of any premises under lease by the State; and

WHEREAS, the Board desires to enable operators to continue producing minerals while title disputes are adjudicated or settlements are negotiated; and

WHEREAS, the Board desires to ensure that the State is fully compensated when said title dispute is resolved; and

WHEREAS, existing Board policies dated May 12, 1971 and April 12, 1972 provide for the suspension of royalty payments during the pendency of title disputes; and

WHEREAS, the Board recognizes that the suspension of royalty payments is not a favored remedy in that the royalties remain within the accounts of the operator and are not segregated into a separate and designated account for later payment to royalty owners; and

WHEREAS, OMR Staff recommends the following for consideration by the Board:

A. Previous Board Resolutions dated May 12, 1971 and April 12, 1972 be rescinded.

B. During the pendency of title disputes involving State mineral interests, operators be required to take one of the following three actions:

   1. Continue to directly pay royalties to OMR;

   2. File a concursus proceeding and deposit royalties attributable to the disputed acreage into the Registry of the Court; or

3. Request approval of the Board to escrow royalties attributable to the disputed acreage to allow claimants time to negotiate an out-of-court settlement. If the Board approves the request to escrow royalties, such approval be granted subject to the following conditions:

   a) Royalties be deposited in a federally insured financial institution that has a presence in Louisiana;

   b) Royalties be deposited into an interest bearing account;

   c) Lessee timely provide documentary proof of royalty deposits to OMR on a monthly basis;

   d) Claimants diligently attempt to negotiate an out-of-court settlement; and

   e) Authority to escrow royalties be for a fixed period not to exceed 180 days;

C. OMR Staff be authorized to develop a written procedure to implement the provisions and requirements of this Resolution.

ON MOTION of Mr. Arnold, seconded by Mr. Smith, after discussion and careful consideration, the foregoing OMR Staff recommendation was offered and unanimously accepted by the Legal & Title Controversy Committee.

WHEREAS, after discussion and careful consideration of the foregoing OMR Staff recommendation and action of the Legal & Title Controversy Committee;

ON MOTION of Mr. Sanders, seconded by Mr. Brouillette, the following Resolution was offered and unanimously adopted by the Board:

NOW, THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board hereby adopts the following policy related to title disputes affecting mineral interests in and upon lands owned by the State of Louisiana:

A. Previous Board Resolutions dated May 12, 1971 and April 12, 1972 be and are hereby rescinded.

B. During the pendency of title disputes involving State mineral interests, operators shall take one of the following three actions:

   1. Continue to directly pay royalties to OMR;

   2. File a concursus proceeding and deposit royalties attributable to the disputed acreage into the Registry of the Court; or

3. Request approval of the Board to escrow royalties attributable to the disputed acreage to allow claimants time to negotiate an out-of-court settlement. If the Board approves the request to escrow royalties, such approval shall be subject to the following conditions:

   a) Royalties shall be deposited in a federally insured financial institution that has a presence in Louisiana;

   b) Royalties shall be deposited into an interest bearing account;

   c) Lessee shall timely provide documentary proof of royalty deposits to OMR on a monthly basis;

   d) Claimants shall diligently attempt to negotiate an out-of-court settlement; and

   e) Authority to escrow shall be for a fixed period not to exceed 180 days;

C. OMR Staff develop a written procedure to implement the provisions and requirements of this Resolution.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 10th day of June, 2015 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
State Mineral and Energy Board

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Resolution #15-06-016
(Legal & Title Controversy Committee)

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Ms. Smith, seconded by Mr. Arnold, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by the legal staff for a Resolution granting the Attorney General's office the authority to turn down third party offers to purchase claims in Bankruptcy Court;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the Board grant approval of a Resolution which would grant the Attorney General's office the authority to turn down third party offers to purchase claims in Bankruptcy Court.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 14th day of October, 2009, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Senator Jones, seconded by Mr. Jarrell, the following resolution was adopted by the State Mineral Board of the State of Louisiana:

"That in any litigation pending now or in the future, the attorneys for the Board are authorized, in cases where funds in dispute are deposited in the registry of the Court, to cause the investment of such funds in the manner provided by law for the investment of idle funds, so as to secure interest on such funds during the pendency of any such proceedings."

Adopted: January 14, 1965

Sundry

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Nonexclusive
Geophysical Permits --
Signature Authority

RESOLUTION # 15-08-003
(NOMINATION AND TRACT COMMITTEE)

WHEREAS, pursuant to La. R.S. 30:12.A, the State Mineral and Energy Board (Board) has exclusive authority to grant exclusive and nonexclusive permits to conduct geophysical and geological surveys of any kind on state-owned lands, including water bottoms; and

WHEREAS, pursuant to La. R.S. 30:212.A, these permits are granted pursuant to rules promulgated under the provisions of the Administrative Procedure Act by the Department of Natural Resources; and

WHEREAS, pursuant to LAC 43:V.101, a nonexclusive geophysical permit is issued upon receipt of the full fee set by the Board and approval of the completed application by the Staff of the Office of Mineral Resources (OMR); and

WHEREAS, by Board Resolution dated August 6, 1964, the Board authorized the Secretary, Assistant to the Secretary and the Administrative Assistant to sign nonexclusive geophysical permits on behalf of the Board; and

WHEREAS, OMR Staff recommends that this Resolution be rescinded; and

WHEREAS, in order to efficiently process and issue nonexclusive geophysical permits in a timely manner, OMR Staff also recommends that the Board authorize the Chairman, Deputy Assistant Secretary or Executive Officer of the Board to sign such permits on behalf of the Board.

ON MOTION of ***Mr. Smith***, seconded by ***Mr. Arnold***, after discussion and careful consideration, the foregoing OMR Staff recommendations were offered and unanimously accepted by the Nomination and Tract Committee.

WHEREAS, in response to the foregoing OMR Staff recommendations and action of the Nomination & Tract Committee;

ON MOTION of ***Mr. Segura***, seconded by ***Mr. Sanders,*** after discussion and careful consideration, the following Resolution was offered and unanimously adopted by the Board:

NOW THEREFORE, BE IT RESOLVED:

1) That the Board hereby rescinds the August 6, 1964 Resolution which authorized certain individuals to sign nonexclusive geophysical permits in its behalf; and
(2) That the Chairman, Deputy Assistant Secretary or Executive Officer of the Board are hereby authorized to sign nonexclusive geophysical permits on behalf of the Board.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 12th day of August, 2015 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Board and is now in full force and effect.

Victor M. Vaughn, Executive Officer
LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Arnold, seconded by Mr. Segura, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by Staff for for authority to publish a Notice of Intent to release the rules governing Alternate Energy Leases in the Louisiana Register;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board grant authority to publish a Notice of Intent to release the rules governing Alternate Energy Leases in the Louisiana Register.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaught

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Arnold, seconded by Mr. Cordaro, with Mr. Sanders abstaining, the following resolution was offered and adopted:

WHEREAS, a request by Staff for final approval of the Alternate Energy Rules and OMR's responsive letters to public comments received in regard to the publication of the Alternate Energy Rules and Responses;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board approve the Alternate energy Rules and OMR's responsive letters to public comments received in regard to the publication of the Alternate Energy Rules and Responses.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 9th day of November, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

Sundry

RESOLUTION

LOUISIANA STATE MINERAL BOARD

ON MOTION OF Ms. Smith, duly seconded by Mr. Sanders, the following resolution was adopted by the Louisiana State Mineral and Energy Board, to-wit:

WHEREAS, pursuant to Louisiana Revised Statute 30:135, the Office of Mineral Resources has the duty to provide the necessary staff functions to assist the Louisiana State Mineral and Energy Board in its leasing, supervisory, and other activities, and the Assistant Secretary of the Office of Mineral Resources is also designated as the Secretary of the Louisiana State Mineral and Energy Board; and

WHEREAS, pursuant to Louisiana Revised Statute 30:153, which authorizes the Louisiana State Mineral and Energy Board, upon request, to administer and manage the leases of any levee district, state university, state college, state penal or charitable institution, or agency, unit or institution of the state; and

WHEREAS, pursuant to Louisiana Revised Statute 30:153, which requires that upon approval by the Louisiana State Mineral and Energy Board to administer such leases of another state agency, that the parties enter into a Cooperative Endeavor Agreement to accomplish this purpose;

WHEREAS, the Louisiana Department of Wildlife and Fisheries has requested that the Louisiana State Mineral and Energy Board administer and manage all their mineral leases;

NOW, THEREFORE, BE IT RESOLVED, that the Louisiana State Mineral and Energy Board does hereby direct and authorize the Office of Mineral Resources to enter into a Cooperative Endeavor Agreement with the Louisiana Department of Wildlife and Fisheries, in order to administer and manage all their existing and future mineral leases.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 9th day of September, 2009, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

State Mineral and Energy Board

Sundry

RESOLUTION

On motion of Mr. Allerton, seconded by Mr. Arnold, the following Resolution was offered and adopted:

WHEREAS, the United States Congress is presently considering amendments to Title 11 of the United States Code with H.R. 3150, the Bankruptcy Reform Act of 1998; and

WHEREAS, 11 USC § 365 of the Bankruptcy Code requires trustees to make a decision to "assume or reject" executory contracts or unexpired leases and, for those which are assumed to cure all defaults and provide adequate assurance of future performance of such contracts and leases; and

WHEREAS, the issue of whether mineral leases are executory contracts or unexpired leases under 11 USC § 365 is subject to varying interpretation, and is hotly debated, as shown by cases such as In Re WRT Energy Corp., 202 B.R. 579 (Bankr. W.D. La. 1996) (standard Louisiana mineral leases are not executory contracts or unexpired leases under court's 11/13/96 Order); Texaco. Inc. v. Louisiana Land and Exploration Co., 136 B.R. 658 (M.D. La. 1992)(mineral lease is an executory contract); and In Re Ham Consulting Co./William Lagnion/JV. 143 B.R. 72 (Bankr. W.D. La. 1992) (Louisiana mineral leases are executory contracts or unexpired leases); and

WHEREAS, the Board is clearly of the belief that mineral leases and operating agreements issued by the State of Louisiana constitute executory contracts or unexpired leases within the intendment of Section 365, for numerous reasons, including :

1) The State Leases and operating agreements create continuing obligations on the part of both the State and the Debtor which place these contracts squarely within the meaning of executory contracts. Under Louisiana Civil Code Article 2669 a "synallagmatic contract" is one by which one party gives to the other the enjoyment of a thing, for a fixed price. The term "synallagmatic", or bilateral, is defined in La. Civ. Code art. 1908 as a contract in which "the parties obligate themselves reciprocally, so that the obligation of each party is correlative to the obligation of the other." Thus, Louisiana leases and operating agreements by their nature create obligations on the part of both the lessor and lessee.
2) The Louisiana Mineral Code recognizes the existence of obligations on the part of both the lessor and lessee in an oil and gas lease and sets out these obligations at La. R.S. 31:119-121 ("The Obligations of the Lessor") and La. R.S. 31:122-125 ("The Obligations of the Lessee").La. R.S. 31:119 provides: "A mineral lessor is bound to deliver the premises that he has leased for use by the lessee, to refrain from disturbing the lessee's possession, and to perform the contract in good faith." The Mineral Code, at R.S. 31:120, also provides that, unless warranty is expressly excluded or limited in the lease, the lessor impliedly warrants title to the leased premises.
3) In addition to the obligations imposed on the lessor by the Mineral Code, mineral lessors and operators as well as the State are bound pursuant to Louisiana Civil Code Article 2054 "to whatever the law, equity, or usage regards as implied in a contract of that kind or necessary for the contract to achieve its purpose." In order to achieve prudent and efficient mineral development of state lands and waterbottoms, State Leases necessarily impose additional obligations on the State. For instance, State approval is required for maintenance of the lease through the payment of shut-in-royalties. State approval is also required for the commingling of production from various properties.
4) Additionally, the most recent State Leases contain a rider which requires State approval prior to the interstate sale of state gas. Moreover, unitization - a practical necessity owing to the unique character of State lands in South Louisiana, most of which are not lands at all but rather waterbottoms - requires State approval and participation throughout the life of the unit. Moreover, pursuant to La. R.S. 30:128, "no transfer or assignment in relation to any lease of minerals or mineral rights owned by the state shall be valid unless approved by the State Mineral Board." The leases themselves contain language requiring approval. This specific requirement applies to all State leases unlike the private, standard Louisiana oil, gas & mineral leases the court examined in WRT Energy Corp..
5) As set forth in Frey v. Amoco, 603 So. 2d 166 (La. 1992)*(answering certified question from United States Fifth Circuit Court of Appeals),* and Henry v. Ballard & Cordell Corp., 418 So.2d 1334 (La.1982), the Louisiana Supreme Court has characterized the lessor/lessee relationship under Louisiana law as a joint venture and, in effect, an agreement to divide profits. As the court noted in Frey, "the parties enter into a mineral lease in expectation of making a profit, and towards that end, incur reciprocal obligations" from the synallagmatic contract of lease. Frey, 603 So.2d at 180.
6) The mineral lessee under a State Lease also has numerous ongoing obligations. Under La. R.S. 31:122, the lessee is bound to act as a reasonably prudent operator. These implied obligations are in addition to the obligations under the lease to pay royalties on production and to make all other required payments to the lessor for maintenance of the lease.
7) While both the State and bankruptcy debtors would normally have substantial obligations that have not been fully performed under the State Leases or operating agreements, the debtor's remaining obligations alone are generally sufficient for the leases or operating agreements to be executory contracts and thus subject to Section 365.
8) State Leases are unexpired leases of nonresidential real property. In Louisiana, a mineral lease is indeed a lease, not a freehold interest like in some states. Under La. R.S. 31:16, all mineral leases are real rights. Thus, for example, because an oil and gas lease is a real right, the lessee is entitled to obtain "a right of passage over neighboring property to the nearest public road" pursuant to article 689 of the Louisiana Civil Code if the mineral lease is an enclosed estate. *See*, Salvex. Inc. v. Lewis, 546 So.2d 1309 (La. App. 3rd Cir.), *writ den.*, 551 So.2d 1323 (La. 1989). *See also*, St. Charles Land Trust v. St. Amant, 217 So.2d 385, (La. 1969) *reh'g den.. (incorporeal immovable for tax purposes)*; Succession of Simms, 195 So.2d 114 (La. 1966) (*on reh'g)(immovables and real obligations for choice of law purposes*); Under La. R.S. 31:18 a mineral right is an incorporeal immovable; and

WHEREAS, bankruptcies of lessees and operators of state oil, gas and mineral leases and operating agreements pose significant issues of accountability for royalties and other payments which may be owed as well as issues of environmental cleanup and restoration, both of which could be satisfactorily resolved by amending Section 365 to clearly state that oil, gas and mineral leases and operating agreements issued by a state government for state owned property shall be considered executory contracts and leases of nonresidential real property.

NOW THEREFORE, BE IT RESOLVED that the State Mineral Board by these presents does hereby request the Louisiana congressional delegation to use its best efforts to secure an amendment to Section 365 of Title 11 of the United States Code to clearly state that oil, gas and mineral leases and operating agreements issued by a state government for state owned property shall be considered executory contracts and leases of nonresidential real property.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary of the Department of Natural Resources, Deputy Assistant Secretary or Chief Landman of the Office of Mineral Resources be and he is hereby authorized to reflect the approval of the State Mineral Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 10th day of June,1998, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Gus Radcliffe

State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Arnold, seconded by Mr. Smith, the following resolution was offered and unanimously adopted:

WHEREAS, beginning in the early 1930s, mineral lease contracts were executed by and between the State and W. T. Burton, who later transferred a portion of his interest to the Win or Lose Corporation, whose members and stockholders consisted of various public officials; and

WHEREAS, as a result of those contracts, the assignment of those contracts and the associated rights under those contracts have recently come under public scrutiny by media reports; and

WHEREAS, the public disclosure of those media reports and public comment obtained at the May 9, 2012 Louisiana State Mineral and Energy Board meeting warrants research and investigation into the validity of the allegations; and

WHEREAS, mineral lease contracts, such as those involving Win or Lose Corporation, may not be valid as provided by Civil Code Article 2030, or may be in violation of Article IV, Section 2 of the 1921 Louisiana Constitution or Article IX, Sections 4 and 5 of the 1974 Louisiana Constitution, or other laws of this state.

THEREFORE, BE IT RESOLVED that the Louisiana State Mineral and Energy Board does hereby authorize and request the Attorney General to investigate mineral lease contracts involving the Win or Lose Corporation as well as the assignment of the rights associated with those contracts to determine if those contracts and assignments were valid when originally executed, if those contracts and assignments are currently valid, and whether the royalties and other profits disbursed pursuant to the contracts are recoverable by the state.

BE IT FURTHER RESOLVED that the Attorney General shall make a written report to the Louisiana Mineral and Energy Board detailing the research, conclusions, and efforts to accomplish these goals prior to January 1, 2013.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the Attorney General.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 9th day of May, 2012, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Arnold, seconded by Mr. Brouillette, with Mr. Sanders objecting, the following resolution was offered and adopted:

WHEREAS, a discussion in executive session was held regarding the written report by the Attorney General's Office on the Win or Lose Corporation pursuant to Resolution of the State Mineral and Energy Board dated May 9, 2012;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED that the Committee recommends that the State Mineral and Energy Board accept the written report of the Attorney General and waive the Attorney/Client privilege and release the Attorney General's written report to the public and upon further motion of Mr. Arnold, seconded by Mr. Segura, the Committee recommends that the State Mineral and Energy Board allow Ryan Seidemann to present a brief summary of his written report to the Board in open session.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 9th day of October, 2013, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Segura, seconded by Mr. Cordaro, the following Resolution was offered and adopted:

WHEREAS, on July 2, 2010, Act 955 of the 2010 Regular session was signed by the governor, said law which provides for cooperative endeavor agreements for the withdrawal of running surface water for certain purpose; and

WHEREAS, Act 955 now requires that such cooperative endeavor agreements be contained on a form developed and prescribed by the State Mineral & Energy Board ("SMEB") and approved by the attorney general; and

WHEREAS, between the time of the effective date of Act 955 and the SMEB's formal development and adoption of an SMEB approved form, staff was presented with several cooperative endeavor agreements which were tendered in accordance with the Memorandum to All State Surface Water Managers from the state of Louisiana, Office of the Attorney General, and the secretary of the Department of Natural Resources dated February 5, 2010 and in recognition of Attorney General opinions 08-0176, 09-0028, 09-0066 and 09-0291; and

WHEREAS, due to their timing such cooperative endeavor agreements are currently pending approval by the SMEB; and

WHEREAS, the attorney general and staff have examined said cooperative endeavor agreements and given a recommendation of their approval as to form and legality of such agreements pending development and prescription of a uniform form for these agreements by the SMEB, and with the further proviso that they must nevertheless undergo the careful review and examination by the secretary of the Department of Natural Resources as mandated by Act 955; and

WHEREAS, after careful consideration, it is deemed by the Board to be desirable, beneficial, and advantageous to the State of Louisiana to accept and follow the recommendation of the Attorney General and staff on this issue:

NOW THEREFORE BE IT RESOLVED, the Louisiana State Mineral and Energy Board does hereby give its approval as to form and legality of such agreements pending development and prescription of a uniform form for these agreements by the SMEB, and with the further proviso that they must nevertheless undergo the careful review and examination by the secretary of the Department of Natural Resources as mandated by Act 955.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary of the Department of Natural Resources, Deputy Assistant Secretary or Chief Landman of the Office of Mineral Resources be and the same are hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to this Resolution.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 11th day of August, 2010, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute book of said Board and is now in full force and effect.

Victor M. Vaught

State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Segura, seconded by Ms. Smith, with Mr. Sanders abstaining, the following resolution was offered and adopted:

WHEREAS, a presentation was made by Staff of the Louisiana Running Surface Water Use Cooperative Endeavor Agreement Form and Application;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the Louisiana State Mineral and Energy Board adopt the proposed Louisiana Running Surface Water Use Cooperative Endeavor Agreement Form and Application attached hereto and made a part of this Resolution.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 11th day of August, 2010, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

LOUISIANA RUNNING SURFACE WATER USE COOPERATIVE ENDEAVOR AGREEMENT

THIS AGREEMENT (hereinafter "Agreement") is entered into as of the date executed by the State of Louisiana through the Department of Natural Resources represented herein by _____, its duly authorized Secretary, whose business address is 617 N Third Street, LaSalle Building, Twelfth Floor, Baton Rouge, Louisiana 70802 (hereinafter the "Secretary")

and

_____, a _____ corporation, authorized to do business in the State of Louisiana, whose address is _____ (hereinafter, including its employees, agents and representatives, the "Water User").

WHEREAS, Act 955 passed by the Legislature of the State of Louisiana (hereinafter "Legislature") during the 2010 regular session, hereinafter referred to as "Act 955", does not require any person or entity to enter into any cooperative endeavor agreement to withdraw running surface water; and

WHEREAS, it was the express intention of the Legislature that nothing contained in Act 955 be interpreted as codifying, confirming, ratifying, overruling, nullifying, or rejecting the statements of law contained in the Memorandum to all State Surface Water Managers from the State of Louisiana, Office of the Attorney General and the Secretary of the Department of Natural Resources and in Attorney General Opinions Nos. 08-0176, 09-0028, 09-0066 and 09-0291, and

WHEREAS, Act 955 specifically states that it shall not affect the rights held by the riparian landowners in accordance with the laws of the State of Louisiana, as expressed in, but not limited to, the Louisiana Civil Code; particularly Articles 657 and 658, and

WHEREAS, Article VII§14 of the 1974 Constitution of the State of Louisiana, as amended, prohibits the funds, credit, property, or things of value of the state or of any political subdivision to be loaned, pledged, or donated to or for any person, association, or corporation, public or private, and

WHEREAS, for purposes of this Cooperative Endeavor Agreement (hereinafter "Agreement"), the term "running surface waters" shall mean the running waters of the State of Louisiana, including waters of navigable water bodies and state owned lakes (hereinafter "Water"), and

WHEREAS, this cooperative endeavor agreement shall **NOT** be construed as obviating, lessening, or reducing the Water User's obligations under other applicable statutes, rules and regulations of the State of Louisiana, the United States of America, or any properly established local government having jurisdiction; and

WHEREAS, the Legislature of the State of Louisiana, in mandating the management, preservation, conservation and protection of Louisiana's Water resources, has authorized the Secretary of the Department of Natural Resources to enter into Cooperative Endeavor Agreements with requesting parties to govern the withdrawal and use of, as well as to derive value and benefit to the State of Louisiana and its citizens from, the Water from said resources; and

WHEREAS, the Secretary has determined, based on information provided in the application, that the withdrawal and use of Water from the Louisiana Water Resources named herein (hereinafter "Water Resources") have met the criteria as a public purpose requisite for entering into this Agreement, and further, pursuant to Act 955, the Secretary has ensured that this Agreement is based on best management practices and sound science, having balanced the environmental and ecological impacts with the economic and social benefits as required by Article IX§1 of the 1974 Constitution of the State of Louisiana, as amended, and

WHEREAS, pursuant to Act 955, the Secretary, in his evaluation, has considered the potential and real effects of this Agreement on the sustainability and navigability of the Water Resources set forth in the Plan.

NOW THEREFORE, the Secretary and the Water User agree that 1.) the Water User requires the use of the amount of running surface water (hereinafter "Water") set forth herein below over which the State of Louisiana has either ownership or jurisdictional control, and 2.) the Water is needed for the specific uses delineated in the Plan of Water Use (hereinafter "Plan") filed with the application for this Agreement, a copy of which is attached hereto and made a part hereof as Exhibit "A", and 3.) the Plan expressly manifests how the use as set forth therein constitutes a "public purpose" as that phrase appears in Article VII§ 14(C) of the 1974 Constitution of the State of Louisiana, as amended. Pursuant to said agreement between the parties, the following shall constitute the terms, conditions and considerations thereof, to-wit:

I.

RIGHTS AND OBLIGATIONS OF THE WATER USER:

A. Water User shall be allowed to withdraw a total of _____ Gallons of water per _____ from the Water Resources and at the specific withdrawal points set forth in the Plan only. The Water shall be used solely for the uses set forth in the Plan.

B. Water User shall, utilizing a meter complying with current American Water Works Association standards, record the monthly amount of Water withdrawn from each withdrawal point set forth in the Plan, and shall tabulate and compile same in an annual report in the form of an authentic act (hereinafter "Water Volume Report") which shall be sent to the Secretary on an annual basis from the effective date of this agreement to be received by the Secretary no later than the end of the thirteenth (13) month after the effective date of this Agreement, for each successive annual period. The Secretary, at his sole discretion, may require, and the Water User shall provide, more frequent Water Volume Reports when necessary to protect the environmental and ecological balance of the water resource. Failure to file the required Water Volume Report, or inclusion of any false information in said reports, shall allow the Secretary, in his sole discretion, to either suspend Water User's rights under this Agreement and allow Water User to correct any error or file any required reports, or terminate the Agreement with notice, or without notice when necessary to prevent substantial damage to the environment or ecological resources.

C. Water User shall not sell, convey, donate, or otherwise transfer use of the Water to any other entity, in return for any consideration or cause greater than that given by the Water User under this Agreement, nor without the approval in writing of the Secretary. However, parties other than the Water User may receive reasonable, fair compensation for the transportation, treatment and disposal of the Water used by Water User under this Agreement. Water User shall not withdraw or utilize the Water in any manner or for any purpose other than as delineated in the Plan. Should Water User violate any of the terms of this Part, it shall be deemed an active default and may terminate this Agreement at the option of the Secretary.

D. At all times the Secretary, his agents or representatives, shall have access to Water User's operations and records, for purposes including auditing payment, inspecting the meters, ascertaining use to which water is being put and verifying economic benefit of operations to the State, for the limited purpose of ensuring compliance with this Agreement. Such inspections are without prejudice to, and in addition to, the right of duly constituted federal, state, or local enforcement officials to make such inspections.

E. Water User shall be vigilant and utilize the best management practices in preventing the contamination of surrounding soils, ground water, and Water resources by any and all uses to which the Water is put.

F. For, and as cause and consideration for any and all rights to withdraw and use Water in the amounts set forth herein, and according to the Plan, Water User shall remunerate the State in one of the manners set forth hereinafter as indicated by the initials of

the Secretary and the duly authorized representative of the Water User affixed before the option chosen, to-wit

_____ i. Water User has submitted evidence in the form of an economic impact report (hereinafter "Report") attached to this Agreement and made a part hereof as Exhibit "B" that the use to which the Water will be put is sufficiently in the public interest in that the citizens of Louisiana will see further economic and social development in the form of increased employment and tax revenue derived from the use under the Plan. The Report further shows: a.) the Plan sufficiently balances environmental considerations and ecological impacts b.) the Plan considers the existing and potential impact of the Water use on the continued viability of the Water Resources being utilized as well as the public enjoyment and continued usage thereof c.) the Water use under the Plan does not interfere with, nor render untenable, any other use of the Water presently, or which may legally occur in the future, for purposes including, but not necessarily limited to, public consumption, agriculture, industrial purposes, recreation, or navigation. The Report shall be deemed evidence that the use of the Water withdrawn and the attendant results hereinabove described are deemed fair market value in return for taking the Water If the use of the Water by Water User does not achieve the economic and social development predicted in the Report, then the Water User shall pay the State for the Water withdrawn and used according to the terms of Paragraph F(ii).herein below

_____ ii Water User shall pay to the State an administrative payment in the full, current sum of One Hundred and No/100 ($100 00) Dollars monthly for each withdrawal point set forth in the Plan, with the first payment due on execution of this Agreement, as well as _____ per Thousand Gallons of water withdrawn under the Plan per _____ payable no later than the tenth (10th) of the month following the withdrawal Attached hereto and made a part hereof as Exhibit "C" is written evidence that the price charged by the State as herein set forth constitutes fair market value to the State for the Water taken. Additionally, to help assure the State receives fair market value for its resources, beginning calendar year 2011, the price per Thousand Gallons of Water shall be adjusted annually by the rate of change in the Consumer Price index United States city average for all urban consumers (CPI-U), as reported by the Bureau of Labor Statistics of the United States Department of Labor for all urban consumers or its successor publications

II.

OBLIGATIONS OF THE STATE:

In accordance with the terms and conditions set forth in this Agreement and pursuant to La. R S. 30 961-963, the State, through the Secretary, hereby grants to the Water User the authority to cumulatively withdraw no more than _____ ( ) of Water per month from the Water Resources set forth in the Plan at only those withdrawal points identified in the Plan. **The authority to withdraw granted herein is limited solely to the methods, resources and withdrawal points as set forth in the Plan.** If the Water User desires to deviate from the Plan in any manner, it must obtain written permission from the Secretary, or negotiate for and obtain an amendment of this Agreement, or enter into a new Running Surface Water Use Agreement, to encompass the deviations from the Plan. The authority to withdraw is non-exclusive and the Water User acknowledges that the State may authorize others to withdraw Water from the Water Resources set forth in the Plan Notwithstanding the foregoing, the State makes no representation or warranty, express or implied, as to 1) the nature or extent of its regulatory authority, 2) the availability of water from the Water Resources in the Plan at any time; or 3) the quality, suitability, purity, palatability, potability, or fitness of the Water from the Water Resources in the Plan for Water User's intended use, or for any other uses or purposes whatsoever. Water User understands and acknowledges that the Water Resources in the Plan are multiple purpose water sources and may be subject to other plans which may result in considerable fluctuations of the water level in the Water Resources The Secretary makes no guarantee as to the elevation at which the Water can be withdrawn from the Water

Resources to meet Water User's commitments and obligations.

III.

LIMITATION OF LIABILITY:

It is agreed and understood that a principal cause of the State's entry into this Agreement is Water User's consent to and acceptance of the terms of indemnification and limitation of liability set forth in this Paragraph III, and elsewhere in the Agreement, without which consent and acceptance by Water User, the State would not have entered into this Agreement. Therefore, the State and Water User agree as follows:

A. Water User understands and acknowledges that the withdrawal of Water as contemplated by this Agreement and the use of said Water (whether intermediate or ultimate use) after withdrawal is at its sole risk. Water User understands, stipulates and agrees that, except for a breach of an express warranty contained in this Agreement, the State and the Secretary shall have no liability to the Water User (or its agents, servants, employees, visitors or licensees) and Water User assumes all liability arising out of or in any way connected with 1.) this Agreement; 2.) the State's lack of authority to authorize Water User to withdraw and/or use Water from the Water Resources; 3.) the failure or interruption of any business operation of the Water user or any other person or entity, or loss of business of Water User or any other person or entity as a result of Water User's (or its agents, servants, employees, visitors or licensees) inability to withdraw Water from the Water Resources, 4) any negligence or fault of the State or the Secretary, its agents, employees, representatives or any person or entity for whom or for which the State may be held responsible in connection with the withdrawal and/or use of the Water from the Water Resources; 5.) any damages resulting from the Secretary's use of his authority to compel reduction or termination of water withdrawal from any or all of the withdrawal points withdrawing from the Water Resources as set forth herein after, 6.)any negligence or fault of the Water User or its agents, servants, employees, visitors or licensees; and/or 7) Water User's (or its agents, servants, employees, visitors or licensees) withdrawal and/or use of Water from the Water Resources, including without limitation (a) fluctuation of the water level of the Water Resources, (b) Water User's (or its agents, servants, employees, visitors or licensees) inability to withdraw Water from the Water Resources for whatever reason, (c) damage to the Water Resources, property surrounding the Water Resources, or users of the Water Resources, (d) charges or fees made by any person or entity for water withdrawn by the Water User; (e) Water User's (or its agents, servants, employees, visitors or licensees) installation, maintenance, or use of any pumping or diversion facility; and/or (f) Water User's (or its agents, servants, employees, visitors or licensees) failure to make reasonable use of the Water withdrawn from the Water Resources

B. Water User shall defend, indemnify and hold harmless the State (and the Secretary) against any expenses, losses, costs, damages, claims (including without limitation claims for loss of life or illness to persons, or for damage to property), actions, proceedings, or liabilities of any kind, character or type arising out of or in any way connected with 1.) this Agreement; 2) the State's lack of authority to authorize Water User to withdraw and/or use Water from the Water Resources; 3) the failure or interruption of any business operation of Water User or any other person or entity or loss of business of Water User or any other person or entity as a result of Water User's (or its agents, servants, employees, visitors or licensees) inability to withdraw Water from the Water Resources; 4) any negligence or fault of the State, its agents, employees, representatives, or any person or entity for whom or for which the State may be held responsible in connection with the withdrawal and/or use of Water from the Water Resources; 5) any negligence of fault of Water User or its agents, servants, employees, visitors or licensees in connection with the withdrawal and/or use of the Water from the Water Resources, and/or 6) Water Users (or its agents, servants, employees, visitors or licensees) withdrawal and/or use of the Water from the Water Resources, including without limitation (a) fluctuation of the water level of the Water Resources, (b) Water User's (or its agents, servants, employees, visitors or licensees) inability to withdraw Water from the Water Resources, for whatever

reason; (c) damage to the Water Resources, property surrounding the Water Resources, or users of the Water Resources; (d) charges or fees made by any person or entity for Water withdrawn by Water User (or its agents, servants, employees, visitors or licensees) from the Water Resources, (e) Water User's (or its agents, servants, employees, visitors or licensees) installation, maintenance, or use of any pumping or diversion facility; and/or Water User's (or its agents, servants, employees, visitors, or licensees) failure to make reasonable use of the Water withdrawn from the Water Resources.

C. The State shall have no liability for, and Water User shall assume all liability for any expenses, losses, costs, damages, claims (including without limitation claims for loss of life or illness to persons, or for damage to property), actions, or proceedings of any kind, character or type, arising out of or in any way connected with its withdrawal of or use of Water withdrawn from the Water Resources, whether or not those expenses, losses, costs, damages, claims (including without limitation claims for loss of life or illness to persons, or for damages to property), actions, or proceedings of any kind, character or type, resulted from or otherwise are caused by the State's own negligence.

D. Water User's liability under this Agreement extends to the acts and omissions of any agent, servant, employee, customer, visitor or licensee of the Water User. Water User agrees to provide legal defense for and defend any such claims, demands or suits, including reasonable attorney's fees at Water User's sole expense and to bear all court costs and other expenses

E. The provisions of this Paragraph III and all other indemnification provisions herein, shall survive the expiration or termination of this Agreement, and the Water User's obligations hereunder shall apply whenever the State incurs costs or liabilities of the types described in this Paragraph III; which costs and liabilities shall include attorney fees expended by the State or the Secretary for any enforcement or defense of this Agreement, including any actions or omissions of the Secretary, the State, or any of its employees, agents or representatives arising from this Agreement.

IV.

TERM:

A. This Agreement shall take effect as of _____, _____ and shall continue for a term of two (2) years, or until _____, _____ after which this Agreement will terminate unless on or before said date Water User notifies the Secretary in writing that Water User desires to renew this Agreement under the terms and conditions set forth herein for an additional two (2) year period Thereafter, successive additional two (2) year periods desired by Water User shall run consecutively upon due written notice to the Secretary on or before the expiration of the previous two (2) year additional period; with the cumulation of successive periods not to go past December 31, 2020.

B. The Secretary may reduce, apply restrictive conditions to, or terminate the right of Water User to withdraw Water from any or all Water Resources, or from any particular withdrawal point named in the Plan when necessary to protect the Water Resource and maintain sustainability and environmental and ecological balance. The Secretary may terminate this Agreement, as to any or all of the Water Resources, or any withdrawal point, named in the Plan if any Federal Resource Agency requests same for good cause, or Water User breaches any term, condition or obligation set forth in this Agreement. Any action taken by the Secretary, that in his discretion, does not present imminent substantial danger to health, public welfare, or the environment in this Subsection, shall be preceded by receipt of written notice by Water User, at the address provided by the Water User in this Agreement, fifteen (15) days prior to effective date of said action.

V.

RULES AND REGULATIONS:

A. The Water User agrees to abide by all the rules, regulations and resolutions, including, but not necessarily limited to, those

set forth hereinafter in separate parts of this Agreement, promulgated by the State and its agencies, the Federal government and its agencies with jurisdictional authority, and duly constituted local governments, including but not limited to, the Department of Natural Resources, the Department of Wildlife and Fisheries and the Department of Environmental Quality for the state, which may have jurisdiction over the Water Resources set forth in the Plan, which rules, regulations and resolutions are now in force or may hereinafter be passed. The State, through the Secretary, is hereby given the option of terminating this Agreement should the Water User fail to abide by such rules, regulations and resolutions; provided, however, the State shall give the Water User written notice of any such violation and fifteen (15) days in which to correct such violation, in which event, should said violation not be corrected, the State, without further notice, may, notwithstanding the provisions of Article IV, immediately terminate this Agreement When the State is notified by the Federal government or any of its agencies of a violation of any of its rules, regulations or resolutions, the State shall as soon as practicable notify the Water User, and may suspend operations under this Agreement while allowing Water User a reasonable set time to resolve the issues with the appropriate Federal authority, and, if resolution is not obtained in a reasonable time, terminate this Agreement

B. The Water User acknowledges that the withdrawal of water from the Water Resources involves the public interest and may be subject to regulation and oversight by other governmental agencies and changes in law Water User acknowledges that persons or entities (including without limitation federal and local governments) have, or in the future may acquire, the right to regulate the withdrawal, use and depths of the water in the Water Resources. Water User acknowledges that this Agreement shall be subject to all current and future regulations, and that the State shall not be liable to the Water User for any loss or damage whatsoever resulting from or associated with current or future regulation of the Water Resources

VI.

INSURANCE:

A. The Water User shall obtain and carry from an insurance company licensed in the State of Louisiana and acceptable to the State, liability or indemnity insurance (or self insurance acceptable to the State) providing minimum coverage of one million ($1,000,000.00) Dollars per occurrence with respect damages including, but not necessarily limited to, bodily injury, death, property damage or environmental damage suffered by any person or entity resulting from Water User's withdrawal of water from the Water Resources, **with the State named as an additional named insured.** The policy must be written on an "occurrence" basis, "claims made" coverage is unacceptable.

B. Water User shall obtain and carry worker's compensation insurance complying with all applicable workers' compensation statutes of the State of Louisiana and shall obtain and carry United States Longshore and Harbor Workers' Compensation Act coverage on employees if required by law.

C. All policies of insurance required to be maintained by Water User shall provide that in the event of cancellation, non-renewal, or material change, thirty (30) days written notice prior to cancellation, non-renewal or material change shall be given to the Secretary by certified mail. Water User shall furnish to the Secretary a certificate evidencing maintenance by Water User of the above required policies Given the long term nature of this Agreement, the State may, from time to time, require Water User to obtain additional insurance whether it be additional types of insurance and/or an increase in the amount of coverage under the existing insurance policies

VII.

ENVIRONMENTAL AND OTHER PROTECTION:

A. Water User will comply with all applicable environmental laws and regulations and all other Federal, State, and local laws, regulations and standards that are applicable to Water User's activities, relating to the withdrawal, use and disposal of Water and other

waste related to the use of Water from the Water Resources

B. Water User shall be solely responsible for obtaining at its cost and expense any environmental or other permits or licenses required to withdraw and/or use Water from the Water Resources and for the disposal of Water and other waste related to the use of Water from the Water Resources.

C. Water User shall save, indemnify, defend and hold harmless the State from any costs, expenses, liabilities, fines, or penalties resulting from discharges, emissions, spills, storage, disposal, or any other action committed in connection with the performance of this Agreement by Water User, its officers, agents, employees, or contractors, the invitees of any of them, and third parties, giving rise to the State liability, civil or criminal, or responsibility under Federal, State, or local environmental laws This provision shall survive the expiration or termination of this Agreement, and Water User's obligations hereunder shall apply whenever the State incurs costs or liabilities of the types described in this Paragraph VII.

D. In connection with the performance of this Agreement, Water User must comply with all Federal, State, and local laws, regulations, and other requirements

E. Water User shall maintain and make available, within fifteen (15) days of receipt of written notice from the Secretary, to the State all records, inspection logs, and manifests that relate to the withdrawal and use of Water from the Water Resources, as well as all other records required by applicable laws, regulations, and requirements of this Agreement. The State reserves the right to inspect the records of Water User for compliance with Federal, State, and local laws, regulation, and other requirements of law or of this Agreement as the same relate to the withdrawal and/or use of Water from the Water Resources. Violations of laws, regulations or other requirements relating to the withdrawal and/or use of Water from the Water Resources shall be reported by Water User to the State and appropriate regulatory agencies. Water User shall be liable for the payment of any fines and penalties which may accrue as a result of such violations However, the foregoing right of the State to inspect shall not be used as a basis of action by Water User against the State.

F. Water User shall not store or otherwise unlawfully allow the discharge of hazardous waste or other waste The Water User shall use the highest degree of care and all proper safeguards to prevent land or water pollution resulting from Water withdrawal operations pursuant to this Agreement. Water User shall use all means at its disposal to recapture all escaping pollutants and shall be solely responsible for all damages, if any, to aquatic or marine life, wildlife, birds, and any public or private property that may result from any such land, air or water pollution occasioned by Water User's Water withdrawal operations hereunder Water User shall report all unpermitted discharges of pollutants pursuant to any Federal or State statutes and regulations to the Louisiana Department of Environmental Quality and the Louisiana Office of Conservation within the time required by Federal, State or local laws, but not later than five (5) days from the occurrence, whichever is earlier.

G. Water User is hereby advised to familiarize itself with the State of Louisiana regulations relative to transportation of noxious or invasive aquatic plants or wildlife from one body of water to another and Water User does hereby agree that it will comply with such regulations. Water User acknowledges that transportation of plant material or wildlife may possibly occur as the result of relocating the diversion facility and pumping equipment from on location to another or from one water body to another or by the withdrawal of Water from one water body and discharging into a different water body Water User agrees to use the highest degree of care and all reasonable and proper safeguards to prevent the transportation of noxious or invasive aquatic plants or wildlife from one body of water to another

VIII.

PROTECTION OF WETLANDS AND FLOODPLAIN:

In exercising its rights granted in this Agreement, Water User will not allow the unpermitted destruction, loss or degradation

of wetlands as that term may be defined in any applicable State or Federal wetlands protection act or regulation, and further, see that its management under this Agreement shall be consistent with the comprehensive master plan for coastal restoration and protection as approved by the Coastal Protection and Restoration Authority and the legislature.

IX.

PUBLIC RIGHTS:

Water User may not take any action which restricts the right of the public to reasonably use the Water Resources, including, without limitation, the right to fish.

X.

ACCESS TO WATER:

Water User shall be responsible for securing authorization, easements, rights-of-way, leases or permission of land owners to obtain access to the water at the withdrawal points. This Agreement does not provide access to the Water Resources At the time of contracting, Water User warrants that he has secured the necessary consent to withdraw water from the locations indicated in the Plan

XI.

MISCELLANEOUS:

A. Water User may not mortgage, pledge, or hypothecate this Agreement nor subject it to seizure and sale without the written consent of the Secretary. This Agreement may not be assigned or sold without prior written consent of the Secretary

B. Upon termination of this Agreement, Water User shall leave the Water Resources in the same good order as the resources were in at the commencement of this Agreement and shall remove all machinery, implements, property and improvements placed in the Water Resources.

C. This Agreement is entered into by the parties hereto, subject to the provisions of the applicable federal, state and local laws presently in force or any amendments thereto, and nothing contained herein shall be construed as exempting Water User from obtaining and complying with any permits, licenses or laws applicable to the Water withdrawal herein contemplated or the use and disposal of such Water

D. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Louisiana. This Agreement is a public record and a copy must be provided to anyone requesting same

E. All notices and communications under this Agreement shall be sufficiently given and shall be deemed given when sent by certified mail, postage prepaid, or other recognized delivery methods mutually agreed to, addressed to the last address designated in writing by the respective party for receipt of notice

F. In the event any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision.

G. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Agreement

H. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give rise to or be construed to give to any person, other than the parties hereto and such assigns, any legal or equitable rights hereunder All references herein to the enforceability of agreements with third parties, the existence or non-existence of third-party rights, the absence of breaches or defaults by third parties, or similar matters or statements, are intended only to allocate rights and risks between the parties and were not intended to be admissions against interests, give rise to any inference or proof of accuracy, be admissible against any party by any non-party, or give rise to any claim or benefit to any non-party

I. Water User shall maintain its records and accounts of the quantity of water withdrawn pursuant to this Agreement for three

(3) years from the date this Agreement is terminated

THUS DONE, READ, ACCEPTED, AND SIGNED by the parties hereto in the presence of the respective undersigned witnesses, as of the _____ day of _____, _____, which shall be the date of this lease for all purposes

WITNESSES to the signature of Grantor

_____ Department of Natural Resources

_____ By: _____
Secretary, Grantor

WITNESSES to the signature of Grantor:

_____

_____

_____

_____ _____
Water User

WITNESS FORM OF _____
ACKNOWLEDGMENT FOR THE DEPARTMENT OF NATURAL RESOURCES

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

Before me, the undersigned authority, personally came and appeared _____, who by me being first being duly sworn, deposed and said

That he is one of the witnesses to the execution of the foregoing instrument and that he saw _____ sign said instrument as _____ of the Department of Natural Resources for and on behalf of the State of Louisiana, in the presence of appearer and _____ the other subscribing witness

Sworn to and subscribed before me on this the
_____ day of _____, _____. _____
Appearer

_____
Notary Public

WITNESS FORM OF _____
ACKNOWLEDGMENT FOR CORPORATE WATER USER

STATE OF _____
_____ OF _____

Before me, the undersigned authority, personally came and appeared _____, who by me being first being duly sworn, deposed and said.

That he is one of the witnesses to the execution of the foregoing instrument and that he saw _____ sign said instrument as _____ _____ of the free act and deed of said corporation in the presence of appearer and _____, the other subscribing witness

Sworn to and subscribed before me on this the
_____ day of _____, _____ _____
Appearer

_____
Notary Public

WITNESS FORM OF _____
ACKNOWLEDGMENT FOR INDIVIDUAL WATER USER

STATE OF _____
_____ OF _____

Before me, the undersigned authority, personally came and appeared _____, who by me being first being duly sworn, deposed and said.

That he is one of the witnesses to the execution of the foregoing instrument and that he saw _____ sign said instrument as _____ _____ as his/her free act and deed in the presence of appearer and _____, the other subscribing witness.

Sworn to and subscribed before me on this the
_____ day of _____, _____.

_____
Appearer

_____
Notary Public

THIS BOX FOR DNR USE ONLY
Application #_____Date Received_____
☐ Approval of Agreement Only
☐ DNR Agreement

Application for Louisiana Running Surface Water Use Cooperative Endeavor Agreement

I. **Instructions: Address each item below as indicted. DNR may require additional information depending upon the completeness of responses submitted, before an application and by extension "the Plan" is deemed complete.**

II. **Applicant Information**

1. Identify the legal name and address of Applicant.
2. If applicable, provide the name, address and contact information of Applicant's agent.

III. **Plan of Water Use**

Attach in a separate document a plan for the proposed withdrawal of running surface waters that at a minimum addresses the following:

1. Legal name and common name for the Water Resource from which the withdrawal is proposed.
2. Describe in detail how entering into this proposed Louisiana Running Surface Water Use Cooperative Endeavor Agreement for withdrawal from the named Water Resources would be in the public interest.
3. Describe the proposed end use of the withdrawn water.
4. Identify the end user and any intermediated transferees of the water withdrawn.
    a. Provide the name and address of each person/entity that water will be transferred to.
5. Provide each transferee's agent contact information.
6. Provide specific details about the amount of water that is proposed to be withdrawn, including:
    a. Provide the anticipated withdrawal start date.
    b. State the proposed number of gallons of water to be withdrawn per day.
    c. State the maximum rate of water withdrawal in gallons per minute.
    d. State the proposed average number of days per month water will be withdrawn.
    e. State the maximum total number of gallons that will be withdrawn during the initial term of the agreement.
7. For each proposed withdrawal point:

a. Indentify the withdrawal point: (Parish, City or town, and nearest municipal address if applicable, and x-y coordinates of withdrawal point.
b. Provide written directions to the withdrawal point from nearest highway intersection.
c. Provide a map on 8½" by 11 ½" paper depicting, the withdrawal point, the nearest highway intersection identified above, an arrow indicating north, and the map scale.
d. Identify the property owner.
e. Provide the stream velocity in feet per second, the water depth or the center of the channel depth if withdrawn from a channel, the channel width, and the date this data was collected.

8. Identify and attach copies of all other permits, leases, authorizations (including land owner permission), etc. applied for or issued that relate to the proposed withdrawal.
9. Describe in detail how the plan for withdrawal addresses minimizing and mitigating adverse impacts to the water body from which the proposed withdrawal is to be made specifically including, but not limited to:
    a. Any impacts on navigation that the proposed withdrawal may have, and how the withdrawal plan will minimize and mitigate for any anticipated impacts.
    b. The effect of the withdrawal on other users of the water body from which the withdrawal is proposed.
        i. Describe the effects of the proposed withdrawal on human consumption.
        ii. Describe the effects of the proposed withdrawal on agricultural uses.
        iii. Describe the effects of the proposed withdrawal on industrial / mining uses.
    c. Describe the impacts of the proposed withdrawal on:
        i. Stream or water flow, including seasonal fluctuations
        ii. Sediment load and distribution
        iii. Aquatic Life
        iv. Vegetation and wildlife other than aquatic life.
    d. Describe any water body impairments, hydrological status, and potential for adverse impacts to the water body from which the proposed withdrawal is to be made, including:
        i. A statement whether the water body identified as "impaired", and a list of any causes of "impairment."
        ii. A statement identifying whether withdrawals occur in the dry season (June-October).

10. The Plan shall demonstrate to the Agency that it will protect the resource and it will maintain sustainability and ecological balance by considering, but not limited to, the following:
    a. The Plan sufficiently balances environmental considerations and ecological impacts.
    b. The Plan considers the existing and potential impact of the Water use on the continued viability of the Water Resources being utilized as well as the public enjoyment and continued usage thereof.
    c. The water use under the Plan does not interfere with, nor render untenable, any other use of the Water presently, or which may legally occur in the future, for purposes including, but not necessarily limited to, public consumption, agriculture, industrial uses, recreation, or navigation.

IV. Economic Impact Report

If seeking recognition of in-kind value received in lieu of payment for the withdrawal, attach a report that describes in detail how the state will be compensated for the value of the water withdrawn pursuant to this agreement. That report should at minimum address how the use to which the Water will be put is sufficiently in the public interest in that the citizens of Louisiana will see further economic and social development in the form of, but not limited to, increased employment and tax revenue derived from the use under the Plan of Water Use.

Application for Louisiana Running Surface Water Use Cooperative Endeavor Agreement

1. CERTIFICATE/ PROFESSIONAL ATTESTATION

CERTIFICATE OF APPLICANT

By signing below I certify that the information contained in or attached to this application is true and correct to the best of my knowledge, and that I certify that the applicant will not re-sell water removed from the running surface waters of the state of Louisiana for a price in excess of the fair market value, except for compensation for transportation, manufacturing, or processing

Witnesses:

_____ _____

Signature Applicant/Authorized Agent Date

_____

Name (Print or Type)

_____

Signature

_____

Name (Print or Type)

_____, Notary Public

My commission expires: _____

PROFESSIONAL ATTESTATION

By my signature below, I certify that I have read the information supplied by the applicant herein, and that in my professional opinion, and based upon the principles of sound science, the proposed withdrawal will not pose any unreasonable impacts on the running water resources of the state.

_____

Signature. Date

_____

Name and Discipline (Print or Type)

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Cordaro, seconded by Mr. Smith, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by Staff to amend the Louisiana Running Surface Water Use Cooperative Endeavor Agreement form;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board adopt the amended Louisiana Running Surface Water Use Cooperative Endeavor Agreement referred to as Form 1.1 attached hereto and made a part of this Resolution.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 8th day of September, 2010, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaught

LOUISIANA STATE MINERAL AND ENERGY BOARD

LOUISIANA RUNNING SURFACE WATER USE COOPERATIVE ENDEAVOR AGREEMENT

THIS AGREEMENT (hereinafter "Agreement") is entered into as of the date executed by the State of Louisiana through the Department of Natural Resources represented herein by _____, its duly authorized Secretary, whose business address is 617 N. Third Street, LaSalle Building, Twelfth Floor, Baton Rouge, Louisiana 70802 (hereinafter the "Secretary")

and

_____, ~~a _____ corporation~~, authorized to do business in the State of Louisiana, whose address is _____ (hereinafter, including its employees, agents and representatives, the "Water User").

WHEREAS, Act 955 passed by the Legislature of the State of Louisiana (hereinafter "Legislature") during the 2010 regular session, hereinafter referred to as "Act 955", does not require any person or entity to enter into any cooperative endeavor agreement to withdraw running surface water; and

WHEREAS, it was the express intention of the Legislature that nothing contained in Act 955 be interpreted as codifying, confirming, ratifying, overruling, nullifying, or rejecting the statements of law contained in the Memorandum to all State Surface Water Managers from the State of Louisiana, Office of the Attorney General and the Secretary of the Department of Natural Resources and in Attorney General Opinions Nos. 08-0176, 09-0028, 09-0066 and 09-0291; and

WHEREAS, Act 955 specifically states that it shall not affect the rights held by the riparian landowners in accordance with the laws of the State of Louisiana, as expressed in, but not limited to, the Louisiana Civil Code; particularly Articles 657 and 658, and

WHEREAS, Article VII§14 of the 1974 Constitution of the State of Louisiana, as amended, prohibits the funds, credit, property, or things of value of the state or of any political subdivision to be loaned, pledged, or donated to or for any person, association, or corporation, public or private; and

WHEREAS, for purposes of this Cooperative Endeavor Agreement (hereinafter "Agreement"), the term "running surface waters" shall mean the running waters of the State of Louisiana, including waters of navigable water bodies and state owned lakes (hereinafter "Water"); and

WHEREAS, this cooperative endeavor agreement shall **NOT** be construed as obviating, lessening, or reducing the Water User's obligations under other applicable statutes, rules and regulations of the State of Louisiana, the United States of America, or any properly established local government having jurisdiction; and

WHEREAS, the Legislature of the State of Louisiana, in mandating the management, preservation, conservation and protection of Louisiana's Water resources, has authorized the Secretary of the Department of Natural Resources to enter into Cooperative Endeavor Agreements with requesting parties to govern the withdrawal and use of, as well as to derive value and benefit to the State of Louisiana and its citizens from, the Water from said resources; and

WHEREAS, the Secretary has determined, based on information provided in the application, that the withdrawal and use of Water from the Louisiana Water Resources named herein (hereinafter "Water Resources") have met the criteria as a public purpose requisite for entering into this Agreement, and further, pursuant to Act 955, the Secretary has ensured that this Agreement is based on best management practices and sound science, having balanced the environmental and ecological impacts with the economic and social benefits as required by Article IX§1 of the 1974 Constitution of the State of Louisiana, as amended; and

WHEREAS, pursuant to Act 955, the Secretary, in his evaluation, has considered the potential and real effects of this Agreement on the sustainability and navigability of the Water Resources set forth in the Plan.

NOW THEREFORE, the Secretary and the Water User agree that: 1.) the Water User requires the use of the amount of ~~running surface water (hereinafter "Water")~~ set forth herein below over which the State of Louisiana has either ownership or jurisdictional control, and 2.) the Water is needed for the specific uses delineated in the Plan of Water Use (hereinafter "Plan") filed with the application for this Agreement, a copy of which is attached hereto and made a part hereof as Exhibit "A", and 3.) the Plan expressly manifests how the use as set forth therein constitutes a "public purpose" as that phrase appears in Article VII§ 14(C) of the 1974 Constitution of the State of Louisiana, as amended. Pursuant to said agreement between the parties, the following shall constitute the terms, conditions and considerations thereof, to-wit.

I.

RIGHTS AND OBLIGATIONS OF THE WATER USER:

A. Water User shall be allowed to withdraw a total of _____ Gallons of water per _____ from the Water Resources and at the specific withdrawal points set forth in the Plan only. The Water shall be used solely for the uses set forth in the Plan

B. Water User shall, utilizing a meter complying with current American Water Works Association standards, record the monthly amount of Water withdrawn from each withdrawal point set forth in the Plan, and shall tabulate and compile same in an annual report in the form of an authentic act (hereinafter "Water Volume Report") which shall be sent to the Secretary on an annual basis from the effective date of this agreement to be received by the Secretary no later than the end of the thirteenth (13) month after the effective date of this Agreement, for each successive annual period. The Secretary, at his sole discretion, may require, and the Water User shall provide, more frequent Water Volume Reports when necessary to protect the environmental and ecological balance of the water resource. Failure to file the required Water Volume Report, or inclusion of any false information in said reports, shall allow the Secretary, in his sole discretion, to either suspend Water User's rights under this Agreement and allow Water User to correct any error or file any required reports, or terminate the Agreement with notice, or without notice when necessary to prevent substantial damage to the environment or ecological resources.

C. Water User shall not sell, convey, donate, or otherwise transfer use of the Water to any other entity, in return for any consideration or cause greater than that given by the Water User under this Agreement, nor without the approval in writing of the Secretary However, ~~parties other than~~ the Water User may receive reasonable, fair compensation for the transportation, treatment and disposal of the Water used by Water User under this Agreement. Water User shall not withdraw or utilize the Water in any manner or for any purpose other than as delineated in the Plan. Should Water User violate any of the terms of this Part, it shall be deemed an active default and, the Secretary, at his option, may terminate this Agreement ~~at the option of the Secretary.~~

D. At all times the Secretary, his agents or representatives, shall have access to Water User's operations and records, for purposes including auditing payment, inspecting the meters, ascertaining use to which water is being put and verifying economic benefit of operations to the State, for the limited purpose of ensuring compliance with this Agreement. Such inspections are without prejudice to, and in addition to, the right of duly constituted federal, state, or local enforcement officials to make such inspections.

E. Water User shall be vigilant and utilize the best management practices as set forth in the Plan in preventing the contamination of surrounding soils, ground water, and Water resources by any and all uses to which the Water is put.

F. For, and as cause and consideration for any and all rights to withdraw and use Water in the amounts set forth herein, and according to the Plan, Water User shall remunerate the State in one of the manners set forth hereinafter as indicated by the initials of

the Secretary and the duly authorized representative of the Water User affixed before the option chosen, to-wit:

_____ i. Water User has submitted evidence in the form of an economic impact report (hereinafter "Report") attached to this Agreement and made a part hereof as Exhibit "B" that the use to which the Water will be put is sufficiently in the public interest in that the citizens of Louisiana will see further economic and social development in the form of increased employment and tax revenue derived from the use under the Plan. The Report further shows: a.) the Plan sufficiently balances environmental considerations and ecological impacts. b.) the Plan considers the existing and potential impact of the Water use on the continued viability of the Water Resources, as well as the water shed servicing the Water Resources, being utilized as well as the public enjoyment and continued usage thereof. c.) the Water use under the Plan does not interfere with, nor render untenable, any other use of any water resource ~~the Water~~ presently, or which may reasonably, legally be anticipated ~~occur in the future~~, for purposes including, but not necessarily limited to, public consumption, agriculture, industrial purposes, recreation, or navigation. The Report shall be deemed evidence that the use of the Water withdrawn and the attendant results hereinabove described are deemed fair market value in return for taking the Water. If the use of the Water by Water User does not achieve the economic and social development predicted in the Report, then the Water User shall pay the State for the Water withdrawn and used according to the terms of Paragraph F(ii).herein below.

_____ ii. Water User shall pay ~~to the State an administrative payment in the full, current sum of One Hundred and No/100 ($100.00) Dollars monthly for each withdrawal point set forth in the Plan, with the first payment due on execution of this Agreement, as well as~~ _____ per Thousand Gallons of water withdrawn under the Plan per _____ payable no later than the tenth (10th) of the month following the withdrawal. Attached hereto and made a part hereof as Exhibit "C" is written evidence that the price charged by the State as herein set forth constitutes fair market value to the State for the Water taken and is therefore in the public interest. Additionally, to help assure the State receives fair market value for its resources, beginning calendar year 2011, the price per Thousand Gallons of Water shall be adjusted annually by the rate of change in the Consumer Price index United States city average for all urban consumers (CPI-U), as reported by the Bureau of Labor Statistics of the United States Department of Labor for all urban consumers or its successor publications.

II.

OBLIGATIONS OF THE STATE:

In accordance with the terms and conditions set forth in this Agreement and pursuant to La. R.S. 30.961-963, the State, through the Secretary, hereby grants to the Water User the authority to cumulatively withdraw no more than _____ ( ) of Water per month from the Water Resources set forth in the Plan at only those withdrawal points identified in the Plan. **The authority to withdraw granted herein is limited solely to the methods, resources and withdrawal points as set forth in the Plan.** If the Water User desires to deviate from the Plan in any manner, it must obtain written permission from the Secretary, or negotiate for and obtain an amendment of this Agreement, or enter into a new Running Surface Water Use Agreement, to encompass the deviations from the Plan. The authority to withdraw is non-exclusive and the Water User acknowledges that the State may authorize others to withdraw Water from the Water Resources set forth in the Plan. Notwithstanding the foregoing, the State makes no representation or warranty, express or implied, as to 1.) the nature or extent of its regulatory authority; 2) the availability of water from the Water Resources in the Plan at any time; or 3.) the quality, suitability, purity, palatability, potability, or fitness of the Water from the Water Resources in the Plan for Water User's intended use, or for any other uses or purposes whatsoever. Water User understands and acknowledges that the Water Resources in the Plan are multiple purpose water sources and may be subject to other plans which may result in considerable fluctuations of the water level in the Water Resources The Secretary makes no guarantee as to the elevation at which the Water can be withdrawn from the Water

Resources to meet Water User's commitments and obligations.

III.

LIMITATION OF LIABILITY:

It is agreed and understood that a principal cause of the State's entry into this Agreement is Water User's consent to and acceptance of the terms of indemnification and limitation of liability set forth in this Paragraph III, and elsewhere in the Agreement, without which consent and acceptance by Water User, the State would not have entered into this Agreement. Therefore, the State and Water User agree as follows:

A. **Water User understands and acknowledges that the withdrawal of Water as contemplated by this Agreement and the use of said Water (whether intermediate or ultimate use) after withdrawal is at its sole risk.** Water User understands, stipulates and agrees that, except for a breach of an express warranty contained in this Agreement, the State and the Secretary shall have no liability to the Water User (or its agents, servants, employees, visitors or licensees) and Water User assumes all liability arising out of or in any way connected with 1.) this Agreement; 2.) the State's lack of authority to authorize Water User to withdraw and/or use Water from the Water Resources; 3.) the failure or interruption of any business operation of the Water user or any other person or entity, or loss of business of Water User or any other person or entity as a result of Water User's (or its agents, servants, employees, visitors or licensees) inability to withdraw Water from the Water Resources; 4.) any negligence or fault of the State or the Secretary, its agents, employees, representatives or any person or entity for whom or for which the State may be held responsible in connection with the withdrawal and/or use of the Water from the Water Resources; 5.) any damages resulting from the Secretary's use of his authority to compel reduction or termination of water withdrawal from any or all of the withdrawal points withdrawing from the Water Resources as set forth herein after; 6.)any negligence or fault of the Water User or its agents, servants, employees, visitors or licensees; and/or 7.) Water User's (or its agents, servants, employees, visitors or licensees) withdrawal and/or use of Water from the Water Resources, including without limitation (a) fluctuation of the water level of the Water Resources; (b) Water User's (or its agents, servants, employees, visitors or licensees) inability to withdraw Water from the Water Resources for whatever reason; (c) damage to the Water Resources, property surrounding the Water Resources, or users of the Water Resources; (d) charges or fees made by any person or entity for water withdrawn by the Water User; (e) Water User's (or its agents, servants, employees, visitors or licensees) installation, maintenance, or use of any pumping or diversion facility; and/or (f) Water User's (or its agents, servants, employees, visitors or licensees) failure to make reasonable use of the Water withdrawn from the Water Resources.

B. Water User shall defend, indemnify and hold harmless the State (and the Secretary) against any expenses, losses, costs, damages, claims (including without limitation claims for loss of life or illness to persons, or for damage to property), actions, proceedings, or liabilities of any kind, character or type arising out of or in any way connected with 1.) this Agreement; 2.) the State's lack of authority to authorize Water User to withdraw and/or use Water from the Water Resources; 3.) the failure or interruption of any business operation of Water User or any other person or entity or loss of business nf Water User or any other person or entity as a result of Water User's (or its agents, servants, employees, visitors or licensees) inability to withdraw Water from the Water Resources; 4.) any negligence or fault of the State, its agents, employees, representatives, nr any person or entity for whom or for which the State may be held responsible in connection with the withdrawal and/or use of Water from the Water Resources; 5) any negligence of fault of Water User or its agents, servants, employees, visitors or licensees in conneetion with the withdrawal and/or use of the Water from the Water Resources; and/or 6.) Water Users (or its agents, servants, employees, visitors or licensees) withdrawal and/or use of the Water from the Water Resources, including without limitation (a) fluctuation of the water level of the Water Resources, (b) Water User's (or its agents, servants, employees, visitors or licensees) inability to withdraw Water from the Water Resources, for whatever

reason; (c) damage to the Water Resources, property surrounding the Water Resources, or users of the Water Resources; (d) charges or fees made by any person or entity for Water withdrawn by Water User (or its agents, servants, employees, visitors or licensees) from the Water Resources; (e) Water User's (or its agents, servants, employees, visitors or licensees) installation, maintenance, or use of any pumping or diversion facility; and/or Water User's (or its agents, servants, employees, visitors, or licensees) failure to make reasonable use of the Water withdrawn from the Water Resources.

C. The State shall have no liability for, and Water User shall assume all liability for any expenses, losses, costs, damages, claims (including without limitation claims for loss of life or illness to persons, or for damage to property), actions, or proceedings of any kind, character or type, arising out of or in any way connected with its withdrawal of or use of Water withdrawn from the Water Resources, whether or not those expenses, losses, costs, damages, claims (including without limitation claims for loss of life or illness to persons, or for damages to property), actions, or proceedings of any kind, character or type, resulted from or otherwise are caused by the State's own negligence.

D. Water User's liability under this Agreement extends to the acts and omissions of any agent, servant, employee, customer, visitor or licensee of the Water User. Water User agrees to provide legal defense for and defend any such claims, demands or suits, including reasonable attorney's fees at Water User's sole expense and to bear all court costs and other expenses.

E. The provisions of this Paragraph III. and all other indemnification provisions herein, shall survive the expiration or termination of this Agreement, and the Water User's obligations hereunder shall apply whenever the State incurs costs or liabilities of the types described in this Paragraph III; which costs and liabilities shall include attorney fees expended by the State or the Secretary for any enforcement or defense of this Agreement, including any actions or omissions of the Secretary, the State, or any of its employees, agents or representatives arising from this Agreement.

IV.

TERM:

A. This Agreement shall take effect as of _____, _____ [for use when State enters into Agreement]and shall continue for a term of two (2) years, or until _____, _____ after which this Agreement will terminate unless on or before said date Water User notifies the Secretary in writing that Water User desires to renew this Agreement under the terms and conditions set forth herein for an additional two (2) year period Thereafter, successive additional two (2) year periods desired by Water User shall run consecutively upon due written notice to the Secretary on or before the expiration of the previous two (2) year additional period; with the cumulation of successive periods not to go past December 31, 2020

B. The Secretary may reduce, apply restrictive conditions to, or terminate the right of Water User to withdraw Water from any or all Water Resources, or from any particular withdrawal point named in the Plan when necessary to protect the Water Resource and maintain sustainability and environmental and ecological balance. The Secretary may terminate this Agreement, as to any or all of the Water Resources, or any withdrawal point, named in the Plan if any Federal Resource Agency requests same for good cause, or Water User breaches any term, condition or obligation set forth in this Agreement. Any action taken by the Secretary, that in his discretion, does not present imminent substantial danger to health, public welfare, or the environment in this Subsection, shall be preceded by receipt of written notice by Water User, at the address provided by the Water User in this Agreement, fifteen (15) days prior to effective date of said action

V.

RULES AND REGULATIONS:

A. The Water User agrees to abide by all the rules, regulations and resolutions, including, but not necessarily limited to, those

set forth hereinafter in separate parts of this Agreement, promulgated by the State and its agencies, the Federal government and its agencies with jurisdictional authority, and duly constituted local governments, including but not limited to, the Department of Natural Resources, the Department of Wildlife and Fisheries and the Department of Environmental Quality for the state, which may have jurisdiction over the Water Resources set forth in the Plan; which rules, regulations and resolutions are now in force or may hereinafter be passed. The State, through the Secretary, is hereby given the option of terminating this Agreement should the Water User fail to abide by such rules, regulations and resolutions; provided, however, the State shall give the Water User written notice of any such violation and fifteen (15) days in which to correct such violation, in which event, should said violation not be corrected, the State, without further notice, may, notwithstanding the provisions of Article IV, immediately terminate this Agreement. When the State is notified by the Federal government or any of its agencies of a violation of any of its rules, regulations or resolutions, the State shall as soon as practicable notify the Water User, and may suspend operations under this Agreement while allowing Water User a reasonable set time to resolve the issues with the appropriate Federal authority, and, if resolution is not obtained in a reasonable time, terminate this Agreement.

B. The Water User acknowledges that the withdrawal of water from the Water Resources involves the public interest and may be subject to regulation and oversight by other governmental agencies and changes in law. Water User acknowledges that persons or entities (including without limitation federal and local governments) have, or in the future may acquire, the right to regulate the withdrawal, use and depths of the water in the Water Resources. Water User acknowledges that this Agreement shall be subject to all current and future regulations, and that the State shall not be liable to the Water User for any loss or damage whatsoever resulting from or associated with current or future regulation of the Water Resources nor shall State be liable to any party whatsoever for any loss or damage resulting from water withdrawal under this Agreement.

VI.

INSURANCE:

A. The Water User shall obtain and carry from an insurance company licensed in the State of Louisiana and acceptable to the State, liability or indemnity insurance (or self insurance acceptable to the State) providing minimum coverage of one million ($1,000,000.00) Dollars per occurrence with respect damages including, but not necessarily limited to, bodily injury, death, property damage or environmental damage suffered by any person or entity resulting from Water User's withdrawal of water from the Water Resources, with the State named as an additional named insured. The policy must be written on an "occurrence" basis; "claims made" coverage is unacceptable.

B. Water User shall obtain and carry worker's compensation insurance complying with all applicable workers' compensation statutes of the State of Louisiana and shall obtain and carry United States Longshoreman and Harbor Workers' Compensation Act coverage on employees if required by law.

C. All policies of insurance required to be maintained by Water User shall provide that in the event of cancellation, non-renewal, or material change, thirty (30) days written notice prior to cancellation, non-renewal or material change shall be given to the Secretary by certified mail. Water User shall furnish to the Secretary a certificate evidencing maintenance by Water User of the above required policies. Given the long term nature of this Agreement, the State may, from time to time, require Water User to obtain additional insurance whether it be additional types of insurance and/or an increase in the amount of coverage under the existing insurance policies.

VII.

ENVIRONMENTAL AND OTHER PROTECTION:

A. Water User will comply with all applicable environmental laws and regulations and all other Federal, State, and local laws,

regulations and standards that are applicable to Water User's activities, relating to the withdrawal, use and disposal of Water and other waste related to the use of Water from the Water Resources.

B. Water User shall be solely responsible for obtaining at its cost and expense any environmental or other permits or licenses required to withdraw and/or use Water from the Water Resources and for the disposal of Water and other waste related to the use of Water from the Water Resources.

C. Water User shall save, indemnify, defend and hold harmless the State from any costs, expenses, liabilities, fines, or penalties resulting from discharges, emissions, spills, storage, disposal, or any other action committed in connection with the performance of this Agreement by Water User, its officers, agents, employees, or contractors, the invitees of any of them, and third parties, giving rise to the State liability, civil or criminal, or responsibility under Federal, State, or local environmental laws. This provision shall survive the expiration or termination of this Agreement, and Water User's obligations hereunder shall apply whenever the State incurs costs or liabilities of the types described in this Paragraph VII.

D. In connection with the performance of this Agreement, Water User must comply with all Federal, State, and local laws, regulations, and other requirements.

E. Water User shall maintain and make available, within fifteen (15) days of receipt of written notice from the Secretary, to the State all records, inspection logs, and manifests that relate to the withdrawal and use of Water from the Water Resources, as well as all other records required by applicable laws, regulations, and requirements of this Agreement. The State reserves the right to inspect the records of Water User for compliance with Federal, State, and local laws, regulation, and other requirements of law or of this Agreement as the same relate to the withdrawal and/or use of Water from the Water Resources Violations of laws, regulations or other requirements relating to the withdrawal and/or use of Water from the Water Resources shall be reported by Water User to the State and appropriate regulatory agencies. Water User shall be liable for the payment of any fines and penalties which may accrue as a result of such violations. However, the foregoing right of the State to inspect shall not be used as a basis of action by Water User against the State.

F. Water User shall not store or otherwise unlawfully allow the discharge of hazardous waste or other waste. The Water User shall use the highest degree of care and all proper safeguards to prevent land or water pollution resulting from Water withdrawal operations pursuant to this Agreement. Water User shall use all means at its disposal to recapture all escaping pollutants and shall be solely responsible for all damages, if any, to aquatic or marine life, wildlife, birds, and any public or private property that may result from any such land, air or water pollution occasioned by Water User's Water withdrawal operations hereunder. Water User shall report all unpermitted discharges of pollutants pursuant to any Federal or State statutes and regulations to the Louisiana Department of Environmental Quality and the Louisiana Office of Conservation within the time required by Federal, State or local laws, but not later than five (5) days from the occurrence, whichever is earlier.

G. Water User is hereby advised to familiarize itself with the State of Louisiana regulations relative to transportation of noxious or invasive aquatic plants or wildlife from one body of water to another and Water User does hereby agree that it will comply with such regulations Water User acknowledges that transportation of plant material or wildlife may possibly occur as the result of relocating the diversion facility and pumping equipment from on location to another or from one water body to another or by the withdrawal of Water from one water body and discharging into a different water body Water User agrees to use the highest degree of care and all reasonable and proper safeguards to prevent the transportation of noxious or invasive aquatic plants or wildlife from one body of water to another.

VIII.

PROTECTION OF WETLANDS AND FLOODPLAIN:

In exercising its rights granted in this Agreement, Water User will not allow the unpermitted destruction, loss or degradation of wetlands as that term may be defined in any applicable State or Federal wetlands protection act or regulation, and further, see that its management under this Agreement shall be consistent with the comprehensive master plan for coastal restoration and protection as approved by the Coastal Protection and Restoration Authority and the legislature.

IX.

PUBLIC RIGHTS:

Water User may not take any action which restricts the right of the public to reasonably use the Water Resources, including, without limitation, the right to fish.

X.

ACCESS TO WATER:

Water User shall be responsible for securing authorization, easements, rights-of-way, leases or permission of land owners to obtain access to the water at the withdrawal points. This Agreement does not provide access to the Water Resources. At the time of contracting, Water User warrants that he has secured the necessary consent to withdraw water from the locations indicated in the Plan.

XI.

MISCELLANEOUS:

A. Water User may not mortgage, pledge, or hypothecate this Agreement nor subject it to seizure and sale without the written consent of the Secretary. This Agreement may not be assigned or sold without prior written consent of the Secretary.

B. Upon termination of this Agreement, Water User shall leave the Water Resources in the same good order as the resources were in at the commencement of this Agreement, including restoration of landscape where necessary, and shall remove all machinery, implements, property and improvements placed in the Water Resources.

C. This Agreement is entered into by the parties hereto, subject to the provisions of the applicable federal, state and local laws presently in force or any amendments thereto, and nothing contained herein shall be construed as exempting Water User from obtaining and complying with any permits, licenses or laws applicable to the Water withdrawal herein contemplated or the use and disposal of such Water.

D. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Louisiana. This Agreement is a public record and a copy must be provided to anyone requesting same.

E. All notices and communications under this Agreement shall be sufficiently given and shall be deemed given when sent by certified mail, postage prepaid, or other recognized delivery methods mutually agreed to, addressed to the last address designated in writing by the respective party for receipt of notice. Water User, its successors or assigns, shall notify the Secretary by certified mail of any change of address, telephone number or contact party within thirty (30) days of said change; failure to do so shall render notice to the last known address as legal notice.

F. In the event any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision.

G. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Agreement.

H. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give rise to or be construed to give to any person, other than the parties hereto and such assigns, any legal or equitable rights hereunder. All references herein to the enforceability of agreements with third parties, the existence or non-existence of third-party rights, the absence of breaches or defaults by third parties, or similar matters or statements, are intended only to allocate rights

and risks between the parties and were not intended to be admissions against interests, give rise to any inference or proof of accuracy, be admissible against any party by any non-party, or give rise to any claim or benefit to any non-party

I. Water User shall maintain its records and accounts of the quantity of water withdrawn pursuant to this Agreement for three (3) years from the date this Agreement is terminated.

THUS DONE, READ, ACCEPTED, AND SIGNED by the parties hereto in the presence of the respective undersigned witnesses, as of the _____ day of _____, _____, which shall be the date of this lease for all purposes.

WITNESSES to the signature of Grantor:

_____ Department of Natural Resources

_____ By: _____
Secretary, Grantor

WITNESSES to the signature of Grantor:

_____

_____

_____

_____ _____
Water User

WITNESS FORM OF _____
ACKNOWLEDGMENT FOR THE DEPARTMENT OF NATURAL RESOURCES

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

Before me, the undersigned authority, personally came and appeared _____, who by me being first being duly sworn, deposed and said:

That he is one of the witnesses to the execution of the foregoing instrument and that he saw _____ sign said instrument as _____ of the Department of Natural Resources for and on behalf of the State of Louisiana, in the presence of appearer and _____ the other subscribing witness.

Sworn to and subscribed before me on this the
_____ day of _____, _____. _____
Appearer

_____
Notary Public

WITNESS FORM OF _____
ACKNOWLEDGMENT FOR CORPORATE WATER USER

STATE OF _____
_____ OF _____

Before me, the undersigned authority, personally came and appeared _____, who by me being first being duly sworn, deposed and said:

That he is one of the witnesses to the execution of the foregoing instrument and that he saw _____ sign said instrument as _____ of the free act and deed of said corporation in the presence of appearer and _____, the other subscribing witness.

Sworn to and subscribed before me on this the
_____ day of _____, _____. _____
Appearer

_____
Notary Public

WITNESS FORM OF _____
ACKNOWLEDGMENT FOR INDIVIDUAL WATER USER

STATE OF _____
_____ OF _____

Before me, the undersigned authority, personally came and appeared _____, who by me being first being duly sworn, deposed and said:

That he is one of the witnesses to the execution of the foregoing instrument and that he saw _____ sign said instrument as _____ _____ as his/her free act and deed in the presence of appearer and _____, the other subscribing witness.

Sworn to and subscribed before me on this the
_____ day of _____, _____.

_____
Appearer

_____
Notary Public

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Segura, seconded by Mr. Arnold, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by Staff for approval of changes to the indemnity clause of the Cooperative Endeavor Agreement for Running Surface Water;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board grant final approval of the changes to the indemnity clause of the Cooperative Endeavor Agreement for Running Surface Water which will add a reference to limiting the indemnity clause subject to the Louisiana Oilfield Anti-Indemnity Act (LA R.S. 9:2780) and Civil Code Article 2004.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

Victor M. Vaught

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Arnold, seconded by Mr. Cordaro, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by Staff for approval of minor changes to language contained in the Louisiana Running Surface Water Use Cooperative Endeavor Agreement form;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, the Committee recommends that the State Mineral and Energy Board grant approval of the minor changes to language contained in the Louisiana Running Surface Water Use Cooperative Endeavor Agreement form proposed by Staff.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 14th day of December, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

LOUISIANA RUNNING SURFACE WATER USE

COOPERATIVE ENDEAVOR AGREEMENT

Revised December 2011

THIS AGREEMENT (hereinafter "Agreement") is entered into as of the date executed by the **State of Louisiana through the Department of Natural Resources** represented herein by Scott A. Angelle, its duly authorized Secretary, whose business address is 617 N. Third Street, LaSalle Building, Twelfth Floor, Baton Rouge, Louisiana 70802 (hereinafter the "Secretary")

and

_____, a _____ authorized to do business in the State of Louisiana, whose address is _____ (hereinafter, including its employees, agents and representatives, the "Water User").

WHEREAS, Act 955 passed by the Legislature of the State of Louisiana (hereinafter "Legislature") during the 2010 regular session, hereinafter referred to as "Act 955", does not require any person or entity to enter into any cooperative endeavor agreement to withdraw running surface water; and

WHEREAS, it was the express intention of the Legislature that nothing contained in Act 955 be interpreted as codifying, confirming, ratifying, overruling, nullifying, or rejecting the statements of law contained in the Memorandum to all State Surface Water Managers from the State of Louisiana, Office of the Attorney General and the Secretary of the Department of Natural Resources and in Attorney General Opinions Nos. 08-0176, 09-0028, 09-0066 and 09-0291; and

WHEREAS, Act 955 specifically states that it shall not affect the rights held by the riparian landowners in accordance with the laws of the State of Louisiana, as expressed in, but not limited to, the Louisiana Civil Code; particularly Articles 657 and 658; and

WHEREAS, Article VII§14 of the 1974 Constitution of the State of Louisiana, as amended, prohibits the funds, credit, property, or things of value of the ~~state~~State or of any political subdivision to be loaned, pledged, or donated to or for any person, association, or corporation, public or private; and

WHEREAS, for purposes of this Cooperative Endeavor Agreement (hereinafter "Agreement"), the term "running surface waters" shall mean the running waters of the State of Louisiana, including waters of navigable water bodies and ~~state~~State owned lakes (hereinafter "Water"); and

WHEREAS, this cooperative endeavor agreement shall **NOT** be construed as obviating, lessening, or reducing the Water User's obligations under other applicable statutes, rules and regulations of the State of Louisiana, the United States of America, or any properly established local government having jurisdiction; and

WHEREAS, the Legislature of the State of Louisiana, in mandating the management, preservation, conservation and protection of Louisiana's Water ~~resources~~Resources, has authorized the Secretary of the Department of Natural Resources to enter into Cooperative Endeavor Agreements with requesting parties to govern the withdrawal and use of, as well as to derive value and benefit to the State of Louisiana and its citizens from, the Water from said resources; and

WHEREAS, the Secretary has determined, based on information provided in the application, that the withdrawal and use of Water from the Louisiana Water Resources named herein (hereinafter "Water Resources") have met the criteria as a public purpose requisite for entering into this Agreement, and further, pursuant to Act 955, the Secretary has ensured that this Agreement is based on best management practices and sound science, having balanced the environmental and ecological impacts with the economic and social benefits as required by Article IX§1 of the 1974 Constitution of the State of Louisiana, as amended; and

WHEREAS, pursuant to Act 955, the Secretary, in his evaluation, has considered the potential and real effects of this Agreement on the sustainability and navigability of the Water Resources set forth in the Plan.

NOW THEREFORE, the Secretary and the Water User agree that: 1.) the Water User requires the use of the amount of "Water" set forth herein below over which the State of Louisiana has either ownership or jurisdictional control, and 2.) the Water is needed for the specific uses delineated in the Plan of Water Use (hereinafter "Plan") filed with the application for this Agreement, a copy of which is attached hereto and made a part hereof as Exhibit "A", and 3.) the Plan expressly manifests how the use as set forth therein constitutes a "public purpose" as that phrase appears in Article VII§ 14(C) of the 1974 Constitution of the State of Louisiana, as amended. Pursuant to said agreement between the parties, the following shall constitute the terms, conditions and considerations thereof, to-wit:

I.

RIGHTS AND OBLIGATIONS OF THE WATER USER:

A. Water User shall be allowed to withdraw a total of _____ gallons of water from the Water Resources and at the specific withdrawal points set forth in the Plan only. The Water shall be used solely for the uses set forth in the Plan.

B. Water User shall, utilizing a meter complying with current American Water Works Association standards, record the monthly amount of Water withdrawn from each withdrawal point set forth in the Plan, and shall tabulate and compile same in an annual report in the form of an authentic act (hereinafter "Water Volume Report") which shall be sent to the Secretary on an annual basis from the effective date of this agreement to be received by the Secretary no later than the end of the thirteenth (13) month after the effective date of this Agreement, for each successive annual period. The Secretary, at his sole discretion, may require, and the Water User shall provide, more frequent Water Volume Reports when necessary to protect the environmental and ecological balance of the ~~water~~ Water ~~resource~~Resource. Failure to file the required Water Volume Report, or inclusion of any false information in said reports, shall allow the Secretary, in his sole discretion, to either suspend Water User's rights under this Agreement and allow Water User to correct any error or file any required reports, or terminate the Agreement with notice, or without notice when necessary to prevent substantial damage to the environment or ecological resources.

C. Water User shall not sell, convey, donate, or otherwise transfer use of the Water to any other entity, in return for any consideration or cause greater than that given by the Water User under this Agreement, nor without the approval in writing of the Secretary. However, the Water User may receive reasonable, fair compensation for the transportation, treatment and disposal of the Water used by Water User under this Agreement. Water User shall not withdraw or utilize the Water in any manner or for any purpose other than as delineated in the Plan. Should Water User violate any of the terms of this Part, it shall be deemed an active default and, the Secretary, at his option, may terminate this Agreement.

D. At all times the Secretary, his agents or representatives, shall have access to Water User's operations and records, for purposes including auditing payment, inspecting the meters, ascertaining use to which water is being put and verifying economic benefit of operations to the State, for the limited purpose of ensuring compliance with this Agreement. Such inspections are without prejudice to, and in addition to, the right of duly constituted ~~federal~~Federal, ~~state~~State, or local enforcement officials to make such inspections.

E. Water User shall be vigilant and utilize the best management practices as set forth in the Plan in preventing the contamination of surrounding soils, ground water, and Water ~~resources~~ Resources by any and all uses to which the Water is put.

F. For, and as cause and consideration for any and all rights to withdraw and use Water in the amounts set forth herein, and according to the Plan, Water User shall remunerate the State in one of the manners set forth hereinafter as indicated by the initials of the Secretary and the duly authorized representative of the Water User affixed before the option chosen, to-wit:

_____ i. Water User has submitted evidence in the form of an economic impact report (hereinafter "Report") attached to this Agreement and made a part hereof as Exhibit "B" that the use to which the Water will be put is sufficiently in the public interest in that the citizens of Louisiana will see further economic and social development in the form of increased employment and tax revenue derived from the use under the Plan. The Report further shows: a.) the Plan sufficiently balances environmental considerations and ecological impacts. b.) the Plan considers the existing and potential impact of the Water use on the continued viability of the Water Resources, as well as the water shed servicing the Water Resources, being utilized as well as the public enjoyment and continued usage thereof. c.) the Water use under the Plan does not interfere with, nor render untenable, any other use of any ~~water~~ Water ~~resource~~ Resource presently, or which may reasonably, legally be anticipated, for purposes including, but not necessarily limited to, public consumption, agriculture, industrial purposes, recreation, or navigation. The Report shall be deemed evidence that the use of the Water withdrawn and the attendant results hereinabove described are deemed fair market value in return for taking the Water. If the use of the Water by Water User does not achieve the economic and social development predicted in the Report, then the Water User shall pay the State for the Water withdrawn and used according to the terms of Paragraph F(ii).herein below.

_____ ii. Water User shall pay Fifteen cents (15¢) per Thousand Gallons of water withdrawn under the Plan payable no later than the tenth (10th) of the month following the withdrawal. Attached hereto and made a part

hereof as Exhibit "C" is written evidence that the price charged by the State as herein set forth constitutes fair market value to the State for the Water taken and is therefore in the public interest. Additionally, to help assure the State receives fair market value for its resources, beginning calendar year 2011, the price per Thousand Gallons of Water shall be adjusted annually by the rate of change in the Consumer Price index United States city average for all urban consumers (CPI-U), as reported by the Bureau of Labor Statistics of the United States Department of Labor for all urban consumers or its successor publications.

II.

OBLIGATIONS OF THE STATE:

In accordance with the terms and conditions set forth in this Agreement and pursuant to La. R.S. 30:961-963, the State, through the Secretary, hereby grants to the Water User the authority to cumulatively withdraw no more than _____ (_____) gallons of Water per month from the Water Resources and no more than _____ (_____) gallons of Water over the two (2) year period of this agreement from the Water Resources as set forth in the Plan at only those withdrawal points identified in the Plan. **The authority to withdraw granted herein is limited solely to the methods, resources and withdrawal points as set forth in the Plan.** If the Water User desires to deviate from the Plan in any manner, it must obtain written permission from the Secretary, or negotiate for and obtain an amendment of this Agreement, or enter into a new Running Surface Water Use Agreement, to encompass the deviations from the Plan. The authority to withdraw is non-exclusive and the Water User acknowledges that the State may authorize others to withdraw Water from the Water Resources set forth in the Plan. Notwithstanding the foregoing, the State makes no representation or warranty, express or implied, as to 1.) the nature or extent of its regulatory authority; 2.) the availability of water from the Water Resources in the Plan at any time; or 3.) the quality, suitability, purity, palatability, potability, or fitness of the Water from the Water Resources in the Plan for Water User's intended use, or for any other uses or purposes whatsoever. Water User understands and acknowledges that the Water Resources in the Plan are multiple purpose water sources and may be subject to other plans which may result in considerable fluctuations of the water level in the Water Resources. The Secretary makes no guarantee as to the elevation at which the Water can be withdrawn from the Water Resources to meet Water User's commitments and obligations.

III.

LIMITATION OF LIABILITY:

It is agreed and understood that a principal cause of the State's entry into this Agreement is Water User's consent to and acceptance of the terms of indemnification and limitation of liability set forth in this Paragraph III, and elsewhere in the Agreement, without which consent and acceptance by Water User, the State would not have entered into this Agreement. Therefore, the State and Water User agree as follows:

A. **Water User understands and acknowledges that the withdrawal of Water as contemplated by this Agreement and the use of said Water (whether intermediate or ultimate use) after withdrawal is at its sole risk.** Water User understands, stipulates and agrees that, except for a breach of an express warranty contained in this

Agreement, the State and the Secretary shall have no liability to the Water User (or its agents, servants, employees, visitors or licensees) and Water User assumes all liability arising out of or in any way connected with ~~1.) this Agreement;~~ ~~2~~1) the State's lack of authority to authorize Water User to withdraw and/or use Water from the Water Resources, ~~3~~2.) the failure or interruption of any business operation of the Water ~~user~~ User or any other person or entity, or loss of business of Water User or any other person or entity as a result of Water User's (or its agents, servants, employees, visitors or lieensees) inability to withdraw Water from the Water Resources; 4~~3~~.) any negligence or fault of the State or the Secretary, its agents, employees, representatives or any person or entity for whom or for which the State may be held responsible in connection with the withdrawal and/or use of the Water from the Water Resources, except as limited by the Louisiana Oilfield Anti-Indemnity Act (LA R.S. 9:2780) and Civil Code Article 2004; ~~5~~4.) any damages resulting from the Secretary's use of his authority to compel reduction or termination of water withdrawal from any or all of the withdrawal points withdrawing from the Water Resources as set forth herein after; ~~6~~5.) any negligence or fault of the Water User or its agents, servants, employees, visitors or licensees; and/or ~~7~~6.) Water User's (or its agents, servants, employees, visitors or licensees) withdrawal and/or use of Water from the Water Resources, including without limitation (a) fluctuation of the water level of the Water Resources; (b) Water User's (or its agents, servants, employees, visitors or licensees) inability to withdraw Water from the Water Resources for whatever reason; (c) damage to the Water Resources, property surrounding the Water Resources, or users of the Water Resources; (d) charges or fees made by any person or entity for water withdrawn by the Water User, (e) Water User's (or its agents, servants, employees, visitors or licensees) installation, maintenance, or use of any pumping or diversion facility; and/or (f) Water User's (or its agents, servants, employees, visitors or licensees) failure to make reasonable use of the Water withdrawn from the Water Resources.

B. Water User shall defend, indemnify and hold harmless the State (and the Secretary) against any expenses, losses, costs, damages, claims (including without limitation claims for loss of life or illness to persons, or for damage to property), actions, proceedings, or liabilities of any kind, character or type arising out of or in any way connected with ~~1.) this Agreement;~~ ~~2~~1.) the State's lack of authority to authorize Water User to withdraw and/or use Water from the Water Resources; ~~3~~2.) the failure or interruption of any business operation of Water User or any other person or entity or loss of business of Water User or any other person or entity as a result of Water User's (or its agents, servants, employees, visitors or lieensees) inability to withdraw Water from the Water Resources; 4~~3~~.) any negligence or fault of the State, its agents, employees, representatives, or any person or entity for whom or for which the State may be held responsible in connection with the withdrawal and/or use of Water from the Water Resources, except as limited by the Louisiana Oilfield Anti-Indemnity Act (LA R.S. 9:2780); ~~5~~4.) any negligence or fault of Water User or its agents, servants, employees, visitors or licensees in connection with the withdrawal and/or use of the Water from the Water Resources; and/or ~~6~~5.) Water Users (or its agents, servants, employees, visitors or licensees) withdrawal and/or use of the Water from the Water Resources, including without limitation (a) fluctuation of the water level of the Water Resources; (b) Water User's (or its agents, servants, employees, visitors or licensees) inability to withdraw Water from the Water Resources, for whatever reason; (c) damage to the Water Resources, property surrounding the Water Resources, or users of the Water Resources;

(d) charges or fees made by any person or entity for Water withdrawn by Water User (or its agents, servants, employees, visitors or licensees) from the Water Resources, (e) Water User's (or its agents, servants, employees, visitors or licensees) installation, maintenance, or use of any pumping or diversion facility; and/or Water User's (or its agents, servants, employees, visitors, or licensees) failure to make reasonable use of the Water withdrawn from the Water Resources.

C. The State shall have no liability for, and Water User shall assume all liability for any expenses, losses, costs, damages, claims (including without limitation claims for loss of life or illness to persons, or for damage to property), actions, or proceedings of any kind, character or type, arising out of or in any way connected with its withdrawal of or use of Water withdrawn from the Water Resources, whether or not those expenses, losses, costs, damages, claims (including without limitation claims for loss of life or illness to persons, or for damages to property), actions, or proceedings of any kind, character or type, resulted from or otherwise are caused by the State's own negligence, except as limited by the Louisiana Oilfield Anti-Indemnity Act (LA R.S. 9:2780).

D. Water User's liability under this Agreement extends to the acts and omissions of any agent, servant, employee, customer, visitor or licensee of the Water User. Water User agrees to provide legal defense for and defend any such claims, demands or suits, including reasonable attorney's fees at Water User's sole expense and to bear all court costs and other expenses.

E. The provisions of this Paragraph III. and all other indemnification provisions herein, shall survive the expiration or termination of this Agreement, and the Water User's obligations hereunder shall apply whenever the State incurs costs or liabilities of the types described in this Paragraph III; which costs and liabilities shall include attorney fees expended by the State or the Secretary for any enforcement or defense of this Agreement, including any actions or omissions of the Secretary, the State, or any of its employees, agents or representatives arising from this Agreement.

IV.

TERM:

A. This Agreement shall take effect as of _____, _____ [for use when State enters into Agreement] and shall continue for a term of two (2) years, or until _____, _____after which this Agreement will terminate unless on or before said date Water User notifies the Secretary in writing that Water User desires to renew this Agreement under the terms and conditions set forth herein for an additional two (2) year period. Thereafter, successive additional two (2) year periods desired by Water User shall run consecutively upon due written notice to the Secretary on or before the expiration of the previous two (2) year additional period; with the cumulation of successive periods not to go past December 31, 2020.

B. The Secretary may reduce, apply restrictive conditions to, or terminate the right of Water User to withdraw Water from any or all Water Resources, or from any particular withdrawal point named in the Plan when necessary to protect the Water Resource and maintain sustainability and environmental and ecological balance. The Secretary may terminate this Agreement, as to any or all of the Water Resources, or any withdrawal point, named in the Plan if any Federal Resource Agency requests same for good cause, or Water User breaches any term, condition or obligation set forth in this

Agreement. Any action taken by the Secretary, that in his discretion, does not present imminent substantial danger to health, public welfare, or the environment in this Subsection, shall be preceded by receipt of written notice by Water User, at the address provided by the Water User in this Agreement, fifteen (15) days prior to effective date of said action.

V.

RULES AND REGULATIONS:

A. The Water User agrees to abide by all the rules, regulations and resolutions, including, but not necessarily limited to, those set forth hereinafter in separate parts of this Agreement, promulgated by the State and its agencies, the Federal government and its agencies with jurisdictional authority, and duly constituted local governments, including but not limited to, the Department of Natural Resources, the Department of Wildlife and Fisheries and the Department of Environmental Quality for the ~~state~~State, which may have jurisdiction over the Water Resources set forth in the Plan; which rules, regulations and resolutions -are now in force or may hereinafter be passed. The State, through the Secretary, is hereby given the option of terminating this Agreement should the Water User fail to abide by such rules, regulations and resolutions; provided, however, the State shall give the Water User written notice of any such violation and fifteen (15) days in which to correct such violation, in which event, should said violation not be corrected, the State, without further notice, may, notwithstanding the provisions of Article IV, immediately terminate this Agreement. When the State is notified by the Federal government or any of its agencies of a violation of any of its rules, regulations or resolutions, the State shall as soon as practicable notify the Water User, and may suspend operations under this Agreement while allowing Water User a reasonable set time to resolve the issues with the appropriate Federal authority, and, if resolution is not obtained in a reasonable time, terminate this Agreement.

B. The Water User acknowledges that the withdrawal of water from the Water Resources involves the public interest and may be subject to regulation and oversight by other governmental agencies and changes in law. Water User acknowledges that persons or entities (including without limitation ~~federal~~ Federal and local governments) have, or in the future may acquire, the right to regulate the withdrawal, use and depths of the water in the Water Resources. Water User acknowledges that this Agreement shall be subject to all current and future regulations, and that the State shall not be liable to the Water User for any loss or damage whatsoever resulting from or associated with current or future regulation of the Water Resources nor shall State be liable to any party whatsoever for any loss or damage resulting from water withdrawal under this Agreement.

VI.

INSURANCE:

A. The Water User shall obtain and carry from an insurance company licensed in the State of Louisiana and acceptable to the State, liability or indemnity insurance (or self insurance acceptable to the State) providing minimum coverage of one million ($1,000,000.00) Dollars per occurrence with respect damages including, but not necessarily limited to, bodily injury, death, property damage or environmental damage suffered by any person or entity resulting from Water User's withdrawal of water from the Water Resources, **with the State named as an additional named Insured.**

The policy must be written on an "occurrence" basis; "claims made" coverage is unacceptable.

B. Water User shall obtain and carry worker's compensation insurance complying with all applicable workers' compensation statutes of the State of Louisiana and shall obtain and carry United States Longshoreman and Harbor Workers' Compensation Act coverage on employees if required by law

C. All policies of insurance required to be maintained by Water User shall provide that in the event of cancellation, non-renewal, or material change, thirty (30) days written notice prior to cancellation, non-renewal or material change shall be given to the Secretary by certified mail. Water User shall furnish to the Secretary a certificate evidencing maintenance by Water User of the above required policies. Given the long term nature of this Agreement, the State may, from time to time, require Water User to obtain additional insurance whether it be additional types of insurance and/or an increase in the amount of coverage under the existing insurance policies.

VII.

ENVIRONMENTAL AND OTHER PROTECTION:

A. Water User will comply with all applicable environmental laws and regulations and all other Federal, State, and local laws, regulations and standards that are applicable to Water User's activities, relating to the withdrawal, use and disposal of Water and other waste related to the use of Water from the Water Resources.

B. Water User shall be solely responsible for obtaining at its cost and expense any environmental or other permits or licenses required to withdraw and/or use Water from the Water Resources and for the disposal of Water and other waste related to the use of Water from the Water Resources.

C. Water User shall save, indemnify, defend and hold harmless the State from any costs, expenses, liabilities, fines, or penalties resulting from discharges, emissions, spills, storage, disposal, or any other action committed in connection with the performance of this Agreement by Water User, its officers, agents, employees, or contractors, the invitees of any of them, and third parties, giving rise to the State liability, civil or criminal, or responsibility under Federal, State, or local environmental laws. This provision shall survive the expiration or termination of this Agreement, and Water User's obligations hereunder shall apply whenever the State incurs costs or liabilities of the types described in this Paragraph VII.

D. In connection with the performance of this Agreement, Water User must comply with all Federal, State, and local laws, regulations, and other requirements.

E. Water User shall maintain and make available, within fifteen (15) days of receipt of written notice from the Secretary, to the State all records, inspection logs, and manifests that relate to the withdrawal and use of Water from the Water Resources, as well as all other records required by applicable laws, regulations, and requirements of this Agreement. The State reserves the right to inspect the records of Water User for compliance with Federal, State, and local laws, regulation, and other requirements of law or of this Agreement as the same relate to the withdrawal and/or use of Water from the Water Resources. Violations of laws, regulations or other requirements relating to the withdrawal and/or use of Water from the Water Resources shall be reported by Water User to the State and appropriate regulatory agencies. Water User shall be liable for the payment of any fines and penalties which may accrue as a result of such violations.

However, the foregoing right of the State to inspect shall not be used as a basis of action by Water User against the State.

F. ~~Water User shall not store or otherwise unlawfully allow the discharge of hazardous waste or other waste.~~ The Water User shall use the highest degree of care and all proper safeguards to prevent land or water pollution resulting from Water withdrawal operations pursuant to this Agreement. Water User shall use all means at its disposal to recapture all escaping pollutants and shall be solely responsible for all damages, if any, to aquatic or marine life, wildlife, birds, and any public or private property that may result from any such land, air or water pollution occasioned by Water User's Water withdrawal operations hereunder. Water User shall report all unpermitted discharges of pollutants pursuant to any Federal or State statutes and regulations to the Louisiana Department of Environmental Quality and the Louisiana Office of Conservation within the time required by Federal, State or local laws, but not later than five (5) days from the occurrence, whichever is earlier.

G. Water User is hereby advised to familiarize itself with the State of Louisiana regulations relative to transportation of noxious or invasive aquatic plants or wildlife from one body of water to another and Water User does hereby agree that it will comply with such regulations. Water User acknowledges that transportation of plant material or wildlife may possibly occur as the result of relocating the diversion facility and pumping equipment from on location to another or from one water body to another or by the withdrawal of Water from one water body and discharging into a different water body. Water User agrees to use the highest degree of care and all reasonable and proper safeguards to prevent the transportation of noxious or invasive aquatic plants or wildlife from one body of water to another.

VIII.

PROTECTION OF WETLANDS AND FLOODPLAIN:

In exercising its rights granted in this Agreement, Water User will not allow the unpermitted destruction, loss or degradation of wetlands as that term may be defined in any applicable State or Federal wetlands protection act or regulation, and further, see that its management under this Agreement shall be consistent with the comprehensive master plan for coastal restoration and proteetion as approved by the Coastal Protection and Restoration Authority and the legislature.

IX.

PUBLIC RIGHTS:

Water User may not take any action which restricts the right of the public to reasonably use the Water Resources, including, without limitation, the right to fish.

X.

ACCESS TO WATER:

Water User shall be responsible for securing authorization, easements, rights-of-way, leases or permission of land owners to obtain access to the water at the withdrawal points. This Agreement does not provide access to the Water Resources. At the time of contracting, Water User warrants that he has secured the necessary consent to withdraw water from the locations indicated in the Plan.

XI.

MISCELLANEOUS:

A. Water User may not mortgage, pledge, or hypothecate this Agreement nor subject it to seizure and sale without the written consent of the Secretary. This Agreement may not be assigned or sold without prior written consent of the Secretary.

B. Upon termination of this Agreement, Water User shall leave the Water Resources in the same good order as the resources were in at the commencement of this Agreement, including restoration of landscape where necessary, and shall remove all machinery, implements, property and improvements placed in the Water Resources.

C. This Agreement is entered into by the parties hereto, subject to the provisions of the applicable ~~federal~~Federal, ~~state~~ State and local laws presently in force or any amendments thereto, and nothing contained herein shall be construed as exempting Water User from obtaining and complying with any permits, licenses or laws applicable to the Water withdrawal herein contemplated or the use and disposal of such Water.

D. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Louisiana. This Agreement is a public record and a copy must be provided to anyone requesting same.

E. All notices and communications under this Agreement shall be sufficiently given and shall be deemed given when sent by certified mail, postage prepaid, or other recognized delivery methods mutually agreed to, addressed to the last address designated in writing by the respective party for receipt of notice. Water User, its successors or assigns, shall notify the Secretary by certified mail of any change of address, telephone number or contact party within thirty (30) days of said change; failure to do so shall render notice to the last known address as legal notice.

F. In the event any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision.

G. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Agreement.

H. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give rise to or be construed to give to any person, other than the parties hereto and such assigns, any legal or equitable rights hereunder. All references herein to the enforceability of agreements with third parties, the existence or non-existence of third-party rights, the absence of breaches or defaults by third parties, or similar matters or statements, are intended only to allocate rights and risks between the parties and were not intended to be admissions against interests, give rise to any inference or proof of accuracy, be admissible against any party by any non-party, or give rise to any claim or benefit to any non-party.

I. Water User shall maintain its records and accounts of the quantity of water withdrawn pursuant to this Agreement for three (3) years from the date this Agreement is terminated.

THUS DONE, READ, ACCEPTED, AND SIGNED by the parties hereto in the presence of the respective undersigned witnesses, as of the _____ day of _____, _____, which shall be the date of this agreement for all purposes.

WITNESSES to the signature of Grantor:

_____

Printed Name:_____

_____

Printed Name:_____

DEPARTMENT OF NATURAL RESOURCES

By: _____
Scott A. Angelle, Secretary (Grantor)

WITNESSES to the signature of Water User:

_____

Printed Name:_____

_____

Printed Name:_____

_____, Water User

By: _____

Printed Name:_____

WITNESS FORM OF ACKNOWLEDGMENT
FOR THE DEPARTMENT OF NATURAL RESOURCES

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

Before me, the undersigned authority, personally came and appeared _____, who by me being first being duly sworn, deposed and said:

That he is one of the witnesses to the execution of the foregoing instrument and that he saw _____ sign said instrument as _____ of the Department of Natural Resources for and on behalf of the State of Louisiana, in the presence of appearer and _____ the other subscribing witness.

Sworn to and subscribed before me on this the
_____ day of _____, _____.

_____

Notary Public

_____

Printed Name: _____
Appearer

WITNESS FORM OF ACKNOWLEDGMENT
FOR CORPORATE WATER USER

STATE OF _____

_____ OF _____

Before me, the undersigned authority, personally came and appeared _____, who by me being first being duly sworn, deposed and said:

That he is one of the witnesses to the execution of the foregoing instrument and that he saw _____ sign said instrument as _____ of the free act and deed of said corporation in the presence of appearer and _____, the other subscribing witness.

Sworn to and subscribed before me on this the
_____ day of _____, _____.

_____

Notary Public

_____

Printed Name: _____
Appearer

WITNESS FORM OF ACKNOWLEDGMENT FOR INDIVIDUAL WATER USER

STATE OF _____
_____ OF _____

Before me, the undersigned authority, personally came and appeared _____, who by me being first being duly sworn, deposed and said:

That he is one of the witnesses to the execution of the foregoing instrument and that he saw _____ sign said instrument as _____ _____ as his/her free act and deed in the presence of appearer and _____, the other subscribing witness.

Sworn to and subscribed before me on this the
_____ day of _____, _____.

_____

Printed Name: _____, Appearer

_____
Notary Public