

MAY 1, 2017

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

MEMORANDUM REGARDING FORCE MAJEURE TO STATE LEASE OPERATORS

The 2017 Hurricane Season begins June 1st, and the Office of Mineral Resources (OMR) wishes to remind our Lessees to review the State Mineral and Energy Board's Force Majeure Policy. In doing so, should the need occur to report a force majeure condition affecting your State Lease, you will be prepared to quickly move through the reporting process.

A "How-To" guide for reporting force majeure events can be accessed on OMR's webpage at the Department of Natural Resources website located at www.dnr.la.gov. This guide instructs on the procedures detailing documentation to submit and provides copies of the Force Majeure Policy, sample State Lease amendments, a sample affidavit, and a spreadsheet to assist with force majeure reporting needs.

Briefly, the procedures are as follows:

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

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

Office of Mineral Resources
Department of Natural Resources