Suzanne Hyatt

From: James Devitt
Sent: Friday, May 06, 2016 9:34 AM
To: Bill Fleming
Cc: Suzanne Hyatt
Subject: RE: Assignment of State Leases

Thank you for these comments, Bill.
I will pass them on to the appropriate Office of Mineral Resources staff.
Other public comments as well as staff response can be found on our website at:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=42&ngid=3
Note the April 26th entry on that page.
Jim

From: Bill Fleming [mailto:bill.fleming@cookyancey.com]
Sent: Friday, May 06, 2016 8:33 AM
To: James Devitt
Subject: FW: Assignment of State Leases

Jim:

You and I visited several times late last year about the proposed new State Lease form. I now see that the proposed new form is to be taken up by the State Mineral and Energy Board on May 11. While I understand there has been dialogue between Staff and industry representatives, and that improvements to the proposed form have been addressed and in some instances agreed upon, it appears to me the proposed form is problematic in at least two areas – Assignments (Article 4) and Audit Rights and Records Retention (Article 10). I am sure you know the arguments on these points better than I so I won't elaborate.

I urge the State Mineral and Energy Board to carefully consider these two points. Industry has made what appear to me to be reasonable and practical suggestions to improve these two Articles. Certainly the lease form should protect the State in every reasonable respect but it should also consider the position of industry. Any good contract should work for all parties. The oil and gas business in Louisiana is in extreme distress at the present time, as is the State itself. It seems to me that the State Mineral and Energy Board should do all in its power to encourage oil and gas development in Louisiana both now and in the future.

Please pass my comments along to the Board as you consider appropriate.

Thank you for your consideration.

Bill Fleming

From: Bill Fleming
Sent: Wednesday, October 07, 2015 2:35 PM
To: James Devitt <james.devitt@la.gov>
Subject: Assignment of State Leases

Jim:

Thank you for visiting with me about the issue of the proposed Form A related to the assignment of State leases. The fact that consideration of this issue has been deferred by the Board and won't be taken up by the Board any earlier than

the November meeting is helpful. I expect that meeting will be November 12 since Wednesday, November 11 is a State Holiday. The extra time will allow the opportunity for more careful consideration of the matter and hopefully enable us to provide constructive input.

I believe I understand the interest of the State in this regard. However, it seems to me that the proposal as written presently is overly broad.

I appreciate your offering to send me such information as develops on this matter including any revisions to the current proposal. Also, I will very much appreciate your sending me copies of any comments or input you have received from industry representatives. It would be helpful to understand the position of others industry representatives as well as the State.

Many thanks for visiting with me.

Best Regards,

Bill

COOK YANCEY

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OBIE O'BRIEN
Vice President – Government Affairs / Corporate Outreach

May 5, 2016

State Mineral and Energy Board
LaSalle Building, 8th Floor
617 North Third Street
Baton Rouge, LA 70802

Dear Ladies and Gentlemen:

By memorandum dated December 17, 2015 and letters dated March 8, 2015 and April 11, 2016, Apache Corporation previously provided comments to the proposed lease form being considered by the Louisiana State Mineral and Energy Board. As expressed in our previous letters, Apache appreciates the diligence with which the Mineral Board has considered comments from industry and attempted to address certain of those comments in subsequent drafts of the proposed lease form. However, despite the Mineral Board's efforts to address these comments – and particularly the most significant to Apache – we are again obligated to raise this concern to the Mineral Board.

As we have stated previously, the most significant remaining issue that has not been resolved in the Mineral Board's latest lease form involves assignor liability. Apache remains concerned about operating under the Mineral Board's proposed leases form, as doing so could open Apache up to untold liability that may be created by its successors in title. When Apache acquires and operates a lease, we are able to evaluate the obligations that may have been created by our predecessors and which may be created by our own operations. However, if Apache assigns a lease to a successor, Apache no longer has any means of evaluating, managing, or assessing obligations that may be created and – under the Mineral Board's proposal – for which Apache may be responsible.

Holding anyone accountable over events and processes over which they have no control and of which they have knowledge is unconscionable, unconstitutional, certainly unfair and will certainly have a significant chilling effect on the decision of whether to do business in Louisiana. This will at the very least severely limit Apache's desire to operate on Mineral Board leases.

To alleviate this concern, Apache again urges that the Board review the proposed form to include the following provision:

> An Assignment by Lessee, notwithstanding approval by Lessor and regardless of any understanding, agreement, language or reference set forth in the Assignment instrument, does not release nor relieve the assigning/transferring Lessee from satisfying and complying with any of its obligations accrued prior to Lessor's

> approval date of such Assignment arising under the terms, conditions, duties, responsibilities and/or obligations required by this Lease. The assigning Lessee shall not be responsible for any obligations its approved assignee/transferee accrues after the approval date of the Assignment in favor of such party.

As we pointed out in previous letters, this is the same provision that the Office of Mineral Resources (OMR) Staff recommended for adoption at the Mineral Board meetings in January and February and that was included in the draft posted on the DNR's website in February.

Again, we appreciate your consideration of these comments and are hopeful that the Mineral Board will adequately address this significant issue.

Sincerely,

Apache Corporation

Obie O'Brien
Vice President Governmental Affairs

FREEPORT-MCMORAN OIL & GAS

Freeport-McMoRan Oil & Gas
1615 Poydras Street
New Orleans, LA 70112

Thomas Beron
Vice President
Assistant General Counsel
Telephone: 504-582-4311
Fax: 504-582-1666
thomas_beron@fml.com

May 5, 2016

Via Email
Ms. Suzanne Hyatt
Office of Mineral Resources
P. O. Box 2827
Baton Rouge, LA 70821-2827

Re: Proposed New State Lease Form

Dear Ms. Hyatt:

This is in response to your April 25, 2016 email to Freeport-McMoRan Oil & Gas and other industry parties informing us of the posting of the revised draft of the Proposed New Lease Form and other materials on OMR's webpage, in response to our comments. We have reviewed the revised draft of the Proposed New Lease Form and the other materials posted. While the assignment provision has been revised slightly, it is evident that our comments, and those of the other industry parties, were not adopted.

We respectfully reiterate the comments made in our April 8, 2016, letter and strongly urge the Board to (i) adopt the Original Assignment Provision referenced in the letter (drawing a clear line on an assignor's post-assignment liability, i.e., an assignor retains liability for what it does, but not what its assignee does), (ii) adopt a limited records retention period (e.g., 5 or 6 years), and (iii) relieve lessees of the obligation to retain records after the State has conducted an audit.

It goes without saying that our industry is experiencing one of its worst downturns; we know the State is experiencing the effect of this downturn as well. The Proposed New Lease Form is, by its nature, much more onerous than the current form being used. Addressing post-assignment liability and records retention in the current manner will further discourage leasing and activity on State lands now and in the future.

Again, we appreciate the Board and OMR being open to considering our input.

Sincerely,

Thomas Beron

Thomas Beron
Vice President

SYNERGY
LAND GROUP, LLC
A Professional Land Service Company

April 8, 2016

State Energy & Mineral Board
LaSalle Building, 8th Floor
617 N. Third Street
Baton Rouge, LA 70802

Re. Proposed State Lease Form Articles 4(D) & 10(A) of OMR's 3/16 Draft

Dear Board Members,

This is in response to the Board's Resolution # 16-3-008, soliciting industry comment regarding the Proposed New Lease Form. Synergy Land Group, L.L.C. strongly supports the recommendations contained in the Attached Memorandum, Dated April 6, 2016, from Cynthia Nicholson and Peck Hane, with the Gordon Arata Law Firm and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit retention records. With respect to the audit records, retention, Synergy Land Group, L.L.C. also requites the Board set a time period (e.g. 5 or 6 years) for retention records.

Both of these issues are very important to my company and others in this industry.

If you should need any additional information or have any questions or comments, please feel free to contact me via (337) 269-0089 or aleblanc@synergylandgroup.net.

Respectfully Submitted,

Synergy Land Group, L.L.C.

Andre C. LeBlanc, CPL