

**COMMENTS RECEIVED REGARDING THE PROPOSED NEW LEASE FORM
APRIL 2016**

Memorandum from Gordon Arata & Onebane Law Firm
(this Memorandum was attached to a large number of the comments that were received and has been placed 1st for easy reference)

AEG (Allen Energy Group)
All Aboard Development Corporation, LLC
Allen & Kirmse, LTD
Alpha Petroleum
Apache Corporation
Badger Energy, L.L.C.
Baton Rouge Association of Professional Landmen
Bayou State Oil Corporation
Bellard & Company, Inc.
Beta Land Services
BHP Billiton
Biloxi Marsh Lands Corporation
Boysenblue/Celtec International Inc.
Caruthers Producing Company, Inc.
Castex Energy, Inc.
Central Boat Rentals, Inc.
Chevron USA Inc.
Cynthia A. Nicholson (Gordon Arata)
Cypress Energy Corporation
Davis Land & Exploration, Inc.
Denbury
DGC Energy
E&B Natural Resources Management Corporation
EDI Environmental Services
Edward B. Poitevent, II

Energy Properties, Inc.
Energy XXI
Enervest Ltd
EnVen Energy Ventures, LLC
Fieldwood Energy LLC
Freeport-McMoRan Oil & Gas
Gieger, LaBorde & Laperouse, L.L.C.
Harold J. Anderson, Inc.
Helis Oil & Gas Company, L.L.C.
Hilcorp Energy Company
Houston Energy, LP
HPS Oil & Gas Properties, Inc.
Hyland Abstracting, LLC
K-Exploration Co.
LLOX
LOGA (Louisiana Oil & Gas Association)
Louisiana Delta Oil Company LLC
Mack Energy Co.
Marlin Energy
MKM & Associates, Inc.
Petro-Hunt, L.L.C.
PetroQuest Energy LLC (2 ltrs)
PLANO (Professional Landmen's Association of New Orleans)
Pride Oil & Gas Properties, Inc.
QEP Resources
Renaissance Offshore
Ric Bajon & Associates, L.L.C.
S&S (Stokes & Spiehler)
S. Paul Provenza
Shiloh Creek Resources, Inc.

Shoreline Energy (2 Itrs)
Square Mile Energy, L.L.C.
Standard Operating Company, LLC
Stone Energy (2 Itrs)
Swift Energy Operating, LLC (2 Itrs)
Talos Energy LLC
Theophilus Oil Gas & Land Services, LLC
TMR Exploration, Inc.
TOCE Energy, L.L.C.
TPIC (Texas Petroleum Investment Company)
Upstream Exploration LLC (2 Itrs)
Wellsite Fishing & Rental Services, LLC (3 Itrs)
White Marline Oil and Gas
XTO Energy
Zachry Exploration, LLC

MEMORANDUM

To: Office of Mineral Resources

Cc.: State Mineral and Energy Board

From: Cynthia Nicholson and Peck Hayne
Gordon, Arata, McCollam, Duplantis & Eagan, LLC

Tommy Smart
Onebane Law Firm

Date: April 6, 2016

Re: Comments to Articles 4(D) and 10(A) of OMR's 3/16 draft of proposed State Lease form

In response to Resolution No. 16-03-008 adopted by the State Mineral and Energy Board (the "*Board*") on March 9, 2016, we submit the following comments to the draft of the proposed State Lease form posted by Staff of the Office of Mineral Resources ("*OMR*") on the Board's website on March 16, 2016 (the "*3/16 Draft*").¹

When it posted the 3/16 Draft on the Board's website, Staff recognized the importance that leasing of State lands has for our State and thus the importance of the State Lease form actually used for leasing State lands:

We sincerely hope that this New Lease Form will better serve and encourage prospective leaseholders to take advantage of the opportunity to lease state acreage for mineral exploration and production within our great state of Louisiana.

As mineral leasing has long been a crucial source of funding and jobs for our State, we fully agree that it is critical that this new lease form actually "better serve and encourage" prospective lessees. In other words, any new lease form must not only protect the State, it must also encourage parties to want to lease State acreage. A new lease form that favors the State on every point is ultimately self-defeating if it is so onerous that it discourages parties from taking new leases.

The 3/16 Draft is a vast improvement—for both our State and industry—from the initial draft proposed over a year ago. The three of us are very appreciative of the time, effort and support that Staff has shown in working with us on this important task for our State. The Staff has incorporated many of the clarifications, additions and changes that we have requested.

¹ While the three of us generally provide legal advice to and represent different parties in the oil and gas industry in Louisiana (including before the Board and OMR) and thus while our perspectives generally are aligned with many industry participants (including large and small oil companies; broker and land service companies; and lenders and investors), we submit these comments below only as concerned Louisiana citizens, as the three of us cannot speak for all industry participants. Thus, other industry participants and other interested parties may also have other comments or concerns about the 3/16 Draft.

Nonetheless, as indicated below, we believe that there remain two provisions in the 3/16 Draft that should be changed in order to accomplish this stated goal to "better serve and encourage" the further leasing of State lands for mineral exploration and production. As explained below, we believe that Article 4(D) as first added by Staff in its 3/16 Draft and Staff's refusal to include a sentence in Article 10(B) would be a major deterrent to this stated goal and are otherwise unfair and inappropriate.

Although the 3/16 Draft would impose many other, new obligations and requirements for leaseholders, we believe that those new obligations and requirements would be acceptable if our two requested changes discussed below are made; however, without our two requested changes below, we fear that the 3/16 Draft as currently drafted would result in far more harm to the State in lost leasing opportunity and revenues than any good to the State.

1. The Assignment provisions in Article 4(D)

We urge that the following paragraph, which Staff first proposed in this 3/16 Draft, (the "New Provision") be deleted from Article 4(D) on page 9 and that the following, previously agreed-to paragraph (the "Original Provision") be re-inserted in its place:

NEW PROVISION:

An Assignment by Lessee, notwithstanding approval by Lessor, and regardless of any understanding, agreement, language or reference set forth in the Assignment instrument, and in accordance with the applicable provisions of The Mineral Code of the State of Louisiana, does not release nor relieve the assignor(s) from satisfying and complying with the terms, conditions, duties, responsibilities and/or obligations required by this Lease.

ORIGINAL 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 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.

The exact language of the Original Provision is in the draft that Staff recommended the Board adopt at its February 10th meeting (and also in the earlier draft that Staff similarly recommended the Board adopt at its January 13th meeting). In fact, this exact language of the Original Provisions was in the Staff's drafts of January 10th, January 12th, January 15th, January 28th and February 5th; this February 5th draft was also posted on the Board's website available for any interested party to review. Not until its February 17th draft (that is, after the February Board meeting) did Staff propose deleting the second sentence of the Original Provision and not until its March 7th draft (two days before the Board's March 9th meeting) did Staff delete the entire

Original Provision that it had previously agreed to. Then, in its 3/16 Draft, Staff has now entirely deleted all of the Original Provision (even the first sentence, which favors the Staff's interests) and instead substituted the New Provision in its place.

We note that neither the Original Provision nor the New Provision is in the State's current or prior lease forms. Consistent with the goal of providing more clarity to all parties, we believe that an express provision on what obligations an assigning party is or is not responsible for is important to help "better serve and encourage" both prospective lessees and the State. As explained below, we believe that the Original Provision fully serves this goal, but that the New Provision (or including no provision) would have the exact opposite effect and thus ultimately would be a disservice to both lessees and the State.

This new lease form imposes many more obligations—including particularly for penalties and liquidated damages—that were not in prior lease forms. Further, the new lease form also contains many significant provisions that greatly protect the State but were not in any earlier lease form. For example the proposed lease form provides as follows:

- Article 16 contains detailed provisions for the lessee to maintain liability insurance naming the State as an additional insured, and also imposes damages of \$100/day for not complying with these provisions.
- Article 15 contains detailed provisions for the lessee to provide further financial security for plugging and abandonment and associated site restoration.
- Article 4(E) now expressly provides that the proposed assignment may be disapproved "if, in the Lessor's reasonable opinion, the proposed assignee/transferee lacks the necessary financial capacity to meet the obligations required by this Lease or technical capacity to sustain reasonable development of the Leased Premises."

In short, the proposed new lease form has numerous new provisions to protect the State with respect to assignees and also provides for numerous new penalties and liquidated damages in the event of a breach. A lease broker who helps obtain a new lease (or another original lessee) should not have to worry about penalties or other liabilities that any assignee (much less one distantly down the chain-of-title such as 20 years later) may incur for new wells drilled or facilities installed and new production obtained years after the Board approved their assignment.

Indemnification provisions are some of the most significant provisions in a lease for both a lessor and a lessee. The 3/16 Draft contains both an environmental damage indemnification (Article 14(B)) and a general indemnification (Article 21). In both of these provisions, the Lessee must provide such indemnification not only for its own actions but also those of its officers, employees, agents, representatives, contractors, subcontractors, licensees and invitees. When Staff raised concerns regarding the obligations of the assignees, the parties agreed to include in both of these sections a provision that the Lessee shall also indemnify the Lessor for any acts of its assignees provided that the assignment in favor of such assignee has not yet been approved by the Board. The parties agreed to these modifications and limitations on the indemnify because they had already agreed that a Lessee would not be responsible for any new

wells drilled or structures installed by its assignee after the assignment was approved by the Board nor have any responsible for the assignee's breach of its obligations under the lease. In accordance with the parties' agreement, the Original Provision clearly provides that the Lessee retains responsibility for all of its accrued obligations after the Board's approval of its assignment. However, the New Provision does not even clearly recognize this obligation and instead refers to satisfaction of lease terms and duties.

Significantly, we believe that including the New Provision instead of the Original Provision (or not including any provision at all) will make leasing from the State far less marketable and commercial and thus will ultimately disserve both the State and the industry. As we all know, the majors have all but given up on holding State leases; by omitting the Original Provision (and, even more, by including the New Provision), the State can almost guarantee that the majors will continue to avoid developing State acreage. Particularly for times like now when it is very difficult to entice companies to drill oil and gas wells anywhere in Louisiana, we believe that the Board should not be using a lease form that would discourage oil companies from wanting to operate in Louisiana as opposed to spending their money and efforts elsewhere. If an assignor would be liable for new/future operations of an assignee (in which it had no participation) and any penalties or liquidated damages that an assignee may incur, assignors will overall be less willing to assign leasehold interests and instead will be more inclined simply to let leases lapse (thus bringing in no revenue to the State).

Moreover, we note that the concept set forth in the Original Provision would not be unique to State leases. The federal regulations for offshore oil and gas leases have long provided that an assignor of a federal offshore lease is responsible only for lease obligations that accrued before the time of the assignment and is not responsible for any lease obligations that accrue only after the assignment. See 30 C.F.R. § 556.62(d)-(e) (formerly codified at 30 C.F.R. § 256.62(d)-(e)).

In the 3/16 Draft, the New Provision was included for the first time. This provision provides that, notwithstanding the State's approval of an assignment, the assignor is not released or relieved from satisfying the terms and obligations of the Lease. But this provision does not specify or address what those obligations are and could be construed to infer that a Lessee remains responsible for each and every subsequent lessee's failure to comply with its obligations. For example, if an approved lessee fails to maintain the required insurance, under this provision it appears that a broker who was the original lessee twenty years earlier would be responsible for the liquidated damages owed due to such failure under Article 16(f). This result is clearly inconsistent with the parties' intent as this lease draft has been negotiated under the past several months.

As we appreciate the provisions of the Mineral Code relating to assignments, we believe that the law is unclear on exactly what obligations an assignor would or would not be responsible for. While Mineral Code article provides that "[a]n assignor or sublessor is not relieved of his obligations or liabilities under a mineral lease unless the lessor has discharged him expressly and in writing," it does not specify whether these obligations and liabilities include ones that do not accrue *until after* the assignment. We believe that the Original Provision directly addresses what the law does not expressly and clearly provide, and thus avoids potential disputes between the parties: the first sentence of the Original Provision favors the State by clearly articulating what

the assigning party remains responsible for, and conversely the second sentence articulates what the assigning party is not responsible for. Under the Original Provision, it is clear that the assigning party will remain responsible, for example, for abandoning any wells or facilities it built and for payment of royalties on all production that it produced and conversely that the assigning party will not be responsible for a new well that an assignee might later drill.

2. **AUDIT:** As we have previously discussed during the negotiation of this new lease form, the staff has insisted that the lease form provides that a Lessee shall maintain any and all records "relative to is calculation and payment of royalties and other sums due by Lessee hereunder" forever. This requirement is totally inconsistent with standard industry record retention policies and problematical for a number of reasons. We have urged that the Staff agree to limit the requirement to a certain number of years, such as six years-being the relevant federal requirement. However, the Staff has refused to consider this request.

We have also urged that the following sentence be added at the end of article 10(A) on page 20:

Nonetheless, upon conclusion of an audit for a particular period of time, Lessee shall no longer be obligated hereunder to keep any books or records for such period of time.

Without such a sentence, a lessee will be required to keep its lease records forever, even after the State had conducted a full audit of the lessee's payments during the lease term. We believe that, once an audit is concluded, there is no more need for a lessee to keep its voluminous records for that period; a requirement that a lessee must keep all its lease records forever until the end of time is just unreasonable and unnecessary and doesn't protect the State in any way. We have also been advised by staff that their policy is not to require that the records be retained after an audit. However, they have refused to add the above requested language.

[End of Memorandum]



Allen Energy Group

712 Milam Street, #101
Shreveport, LA 71101
318-227-8191

April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

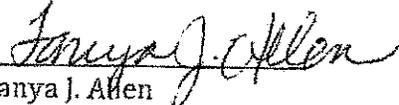
Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Allen Energy Group strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Allen Energy Group also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

ALLEN ENERGY GROUP, L.L.C.

BY: 
Tanya J. Allen

* Attached Memorandum

All Aboard Development Corporation, LLC
601 Poydras Street, Suite 1726
New Orleans, LA 70130
PHONE: (504) 523-1443 * FAX: (504) 573-1104
jack@overboardholdings.com

April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. All Aboard Development Corporation strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, All Aboard Development Corporation also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,



John P. "Jack" Laborde
President

JPL/cc

* Attached Memorandum

ALLEN & KIRMSE, LTD.
INDEPENDENT PROFESSIONAL LANDMEN AND ABSTRACTERS

REPLY TO LAFAYETTE OFFICE

April 8, 2016

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

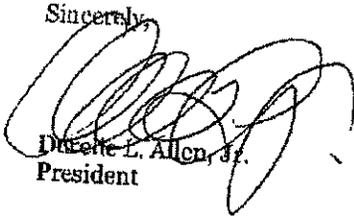
Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16 03-008, soliciting industry comment regarding the Proposed New Lease Form. Allen & Kirmse, Ltd. strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onchane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Allen & Kirmse, Ltd. also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,



Duane L. Allen, Jr.
President

POST OFFICE BOX 52187
209 FIFTH STREET
LAFAYETTE, LOUISIANA 70505
TELEPHONE (337) 232-2024
FACSIMILE (337) 237-0883

8304 SOUTH MONACO COURT
CENTENNIAL, COLORADO 80111
TELEPHONE (303) 771-1208
FACSIMILE (303) 770-5208

* Attached Memorandum

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

Attention: The Board Re: Proposed State Lease Form
Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form.

Alpha Petroleum and all partners strongly support the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention.

With respect to audit records retention, Alpha Petroleum also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,



Wayne J. Mosley
Alpha Petroleum
P. O. Box 5368
Shreveport, LA 71135

WJM/cm

* Attached Memorandum

OBIE O'BRIEN

*Vice President – Government Affairs /
Corporate Outreach*

April 11, 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 letter dated March 8, 2015, Apache Corporation previously provided comments to the proposed lease form being considered by the Louisiana State Mineral and Energy Board. As expressed in our March letter, 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. This could 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 our March letter, 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

A handwritten signature in black ink, appearing to read 'Obie O'Brien', written over the printed name.

Obie O'Brien
Vice President Governmental Affairs



P.O. Box 52745
Lafayette, LA 70505
Office: (337) 233-9200
Fax: (337) 233-5785

April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Badger Energy, L.L.C. strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Badger Energy, L.L.C. also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

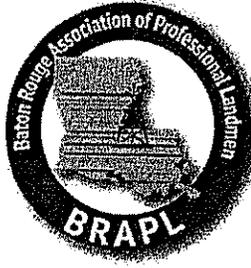
Sincerely,

BADGER ENERGY, L.L.C.

A handwritten signature in black ink, appearing to read "Russel F. Peyton". The signature is written in a cursive style and is positioned above the printed name.

Russel F. Peyton
Land Manager

* Attached Memorandum



Baton Rouge Association of Professional Landmen
P.O. Box 82856
Baton Rouge, La. 70884

April 11, 2016

State Energy and Mineral Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, La. 70802

Attention: The Board

Dear Board Members:

We are writing in regards to the attached Memorandum concerning the proposed changes to the Oil, Gas and Mineral Lease Form that is used by the State of Louisiana. The BRAPL Board has reviewed the attached Memorandum and is in unanimous support of the recommendations set forth in said Memorandum. We strongly urge you to consider the recommendations in the Memorandum.

Respectfully yours,

A handwritten signature in black ink, appearing to read "William F. Smith". The signature is written in a cursive, slightly slanted style.

William F. Smith

President

Baton Rouge Association of Professional Landmen

Bayou State Oil Corporation

ESTABLISHED 1926

P O BOX 7886
SHREVEPORT, LA. 71137-7886

PH 318/222-0737 FAX 318/222-0730

4-7-2016

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

Attention: The Board

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

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Bayou State Oil Corporation strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebanc Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Bayou State Oil Corporation also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,



C. Ellis Brown Jr.
President



* Attached Memorandum

BELLARD & COMPANY, INC.
A PROFESSIONAL LAND COMPANY

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

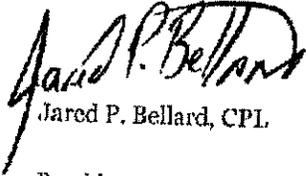
Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. I strongly support the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, I also request that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,



Jared P. Bellard, CPL

President

128 Demanade Blvd., Suite 307 • Lafayette, Louisiana 70503
P.O. Box 52007 • Lafayette, Louisiana 70505
Office 337.234.2666 • Fax 337.234.0305 • jbellard@bellardcompany.com

* Attached Memorandum



betalandservices.com

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F: 337.371.3650

101 W. Farrel Rd., Bldg. 2
Lafayette, LA 70508

P.O. Box 51241

Lafayette, LA 70505

April 7, 2015

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

2016 APR 11 PM 12:26
OFFICE OF
MINERAL RESOURCES
STATE OF LOUISIANA
MINERAL BOARD

Re: Proposed New Lease Form

Dear Ms. Hyatt:

In response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form, we again respectively request that the following language be included in Article 4 of the Proposed New Lease Form:

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 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.

We understand that this language was in the versions of the lease form that the Staff recommended for adoption at the Mineral Board's meeting of February 10th and of January 2016. We also understand that this language was included in numerous prior drafts. For some unknown reason, it was deleted prior to the March Board meeting.

We respectfully oppose the following provision that was added to the Proposed New Lease Form after the March meeting as Article 4(D):

(D) An Assignment by Lessee, notwithstanding approval by Lessor, and regardless of any understanding, agreement, language or reference set forth in the Assignment instrument, and in accordance with the applicable provisions of The Mineral Code of the State of Louisiana, does not release nor relieve the assignor(s) from satisfying and complying with the terms, conditions, duties, responsibilities and/or obligations required by this Lease.

Beta Land Services is an independent lease broker. As you know, a significant percentage of the leases granted by the State are originally issued to lease brokers who never undertake any operations on the lease. This service is an essential tool for assembling and marketing of oil and gas interests; because the development of an oil and gas prospect can render

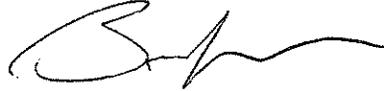
*Attached Memorandum

Ms. Suzanne Hyatt
Page 2
Proposed New Lease Form

a particular area very valuable very quickly. Oil companies frequently need to maintain their anonymity while lease acreage is being obtained. Lease brokers, like Beta, provide a critical role in the leasing of State acreage, which then leads to development which benefits the State. But that role would be severely jeopardized if the State could turn to an original lessee/lease broker (who never drills a single well) to satisfy future post assignment lease obligations (e.g., payment of royalties, plugging wells, penalties, liquidated damages). Under the language we request above, if a lease broker like Beta bid upon and acquired a State lease and then assigned the lease to a client, if we did not undertake operations or otherwise accrue obligations, we would not be responsible for post assignment obligations. To the contrary, under the Staff's new proposed Article 4(D), Beta arguably would remain responsible for satisfying and complying with all of the terms, conditions, duties, responsibilities and/or obligations post assignment for the life of the lease, even though it never undertook any operations.

We again urge the Board to include the above language in the Proposed New Lease Form and not to use the provision inserted after the March meeting.

Sincerely,



Bryan J. Hanks, CEO/President





1360 Post Oak Blvd.
Houston, Texas 77056-3030
bhpbilliton.com

April 11, 2015

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

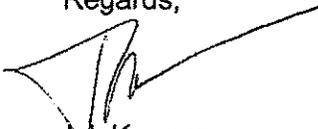
Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16
Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. BHP Billiton strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, BHP Billiton also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry

Regards,



Jak Keenan
Vice President Land

*Attached Memorandum

Biloxi Marsh Lands Corporation

One Galleria Blvd., Suite 902

Metairie, Louisiana 70001

Phone: (504) 837-4337

Fax: (504) 837-1889

April 8, 2016

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

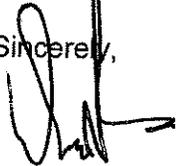
Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. As a landowner of nearly 90,000 acres, Biloxi Marsh Lands Corporation strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Biloxi Marsh Lands Corporation also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us as a major landowner and other landowners as well as members of the oil and gas industry.

Sincerely,



William B. Rudolf
President and Chief Executive Officer
Metairie, Louisiana
Email: wrbiloxi@gmail.com

STATE OF LOUISIANA
DEPARTMENT OF REVENUE
STATE ENERGY AND MINERAL BOARD
2016 APR 12 AM 8:34



P.O. Box 53648
Lafayette, Louisiana 70505 USA
Telephone: 337 233-1121
Fax: 337 233-6943
www.boysenblue.com

State Energy and Mineral Board
LaSalle Building, 5th Floor
617 N Third Street
Baton Rouge, LA 70802

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Boysenblue Celtec International, Inc. strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onchane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Boysenblue Celtec International, Inc. also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

A handwritten signature in cursive script that reads "Deane D. Maxwell".

* Attached Memorandum



CARUTHERS PRODUCING COMPANY, INC.

400 TRAVIS STREET, SUITE 1510
SHREVEPORT, LOUISIANA 71101-3182

TELE: (318) 222-0285

FAX: (318) 221-6089

April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A)
of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Caruthers Producing Company strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebanc Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Caruthers Producing Company also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

CARUTHERS PRODUCING CO., INC.

Witt Caruthers, President

* Attached Memorandum



April 7, 2016

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

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

Dear Board Members:

Please have this letter serve as a response by Castex Energy, Inc. to the Board's Resolution #16-03-008 soliciting comment regarding the Proposed Lease Form. We have reviewed the attached Memorandum, dated April 6, 2016 (the "Memorandum"), and strongly support all recommendations contained within the Memorandum. In addition to the issues discussed in the Memorandum, Castex Energy, Inc. also urges the Board to set a reasonable time limit for retaining records. Particularly, state records retention should at least be in line with records retention requirements for federal offshore leases. Consistency on records retention will be in the interest of all parties.

We therefore urge the Board to adopt language similar to the language contained in 30 CFR 212.51(b), which provides:

Period for keeping records. Lessees, operators, revenue payors, or other persons required to keep records under this section shall maintain and preserve them for 6 years from the day on which the relevant transaction recorded occurred unless the Secretary notifies the record holder of an audit or investigation involving the records and that they must be maintained for a longer period. When an audit or investigation is underway, records shall be maintained until the recordholder is released in writing from the obligation to maintain the records. Lessees, operators, revenue payors, or other persons shall maintain the records generated during the period for which they have paying or operating responsibility on the lease for a period of 6 years.

* Attached Memorandum

It would be in the State's best, long-term interest to include the proposals submitted in the Memorandum and the proposed language for records retention in its new lease form.

Sincerely,

Castex Energy, Inc.

/s/ Jonathan Wilson (Land Manager)

/s/ William O'Neal (Sr. Landman)

/s/ Ashley S. Green (Counsel/Corp.Secretary)

cc.: Stacey Talley, OMR
Suzanne Hyatt, OMR
Cynthia A. Nicholson



"Your Total Marine Service Provider"

April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Michael Patterson strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onobanc Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Michael Patterson also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

Central Boat Rentals, Inc.

Michael Patterson
President

P.O. Box 2545 Morgan City, Louisiana 70381

Phone (985) 384-8200 Fax (985) 384-8455

Website: www.centralboat.com

E-mail: office@centralboat.com



Carl R. Rewerts
Land Manager

Chevron U.S.A. Inc.
100 Northpark Blvd.
Covington, Louisiana 70433
Tel 985 773 6356
Fax 985 773 7110
CarlRewerts@chevron.com

April 8, 2016

Via FedEx

**State Mineral and Energy Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, LA 70802
Attention: The Board**

RE: Memorandum Commenting on Proposed State Lease Form

Dear Members of the Board:

I appreciate your recognition of the importance of the State Lease form to the State's oil and gas industry, as illustrated in your Resolution No. 16-03-008. In response to this Resolution, Cynthia Nicholson and Peck Hayne of Gordon, Arata, McCollam, Duplantis & Eagan, LLC, and Tommy Smart of Onebane Law Firm have submitted a Memorandum dated April 6, 2016, to the Office of Mineral Resources ("OMR"), attached hereto, regarding the OMR's March 16, 2016, draft of the proposed State Lease form. The attorneys provide well-informed commentary on the proposed State Lease form and demonstrate an understanding and application of such to both our State and industry.

Therefore, I respectfully request the Board's careful consideration of the recommendations in the Memorandum. These efforts – of both our State and industry – are a critical step toward ensuring our State's position in the oil and gas industry and will lay a firm foundation for future growth.

Sincerely,


Carl R. Rewerts
Land Management Officer

Encl. (5)

2016 APR 11 AM 9:20
OFFICE OF
MINERAL RESOURCES
STATE MINERAL BOARD

* Attached Memorandum

Suzanne Hyatt

From: Stacey Talley
Sent: Friday, April 15, 2016 12:06 PM
To: Suzanne Hyatt
Cc: David Boulet
Subject: FW: Emergency Financial Security Order

Suzanne,

Please add the following email to the packet of comments. Thanks.

Stacey

From: Cynthia Nicholson [<mailto:CNicholson@gordonarata.com>]
Sent: Friday, April 15, 2016 12:01 PM
To: Stacey Talley; David Boulet
Cc: Peck Hayne; Thomas G. Smart
Subject: FW: Emergency Financial Security Order

Stacey and David

As we are sure you are aware, the Department of Conservation just adopted the attached emergency rule to assist our industry during these difficult times.

We urge you to make sure that the Board is aware of these changes being made by Conservation to assist industry and understands how important it is for the Board to also send a signal to the oil and gas industry that they understand these difficult times and are willing to work with industry to weather the storm and make Louisiana a significant producer of oil and gas again. This proposed lease form imposes several new burdens on lessees and additional burdens on the Board and Staff, which given today's climate will be very difficult for both the companies and for you to handle.

Thank you
Cynthia

GORDON
ARATA MCCOLLAM DUPLANTIS
& EAGAN, LLC

Cynthia A. Nicholson
Gordon, Arata, McCollam, Duplantis & Eagan, LLC
201 St. Charles Ave., Suite 4000
New Orleans, LA 70170
Phone: (504) 569-1658
Fax: (504) 582-1121
cnicholson@gordonarata.com

DECLARATION OF EMERGENCY
Department of Natural Resources
Office of Conservation
General Operations - Statewide Order No. 29-B
General Provisions
Financial Security (LAC 43:XIX.104)

In accordance with the emergency provisions of the Administrative Procedure Act, R.S. 49:953(B), and the authority of the Commissioner of Conservation pursuant to La. R.S. 30:1, et seq., the following emergency rule is necessary to protect the public health, safety and welfare of the people of the State of Louisiana.

An audit issued by the Louisiana Legislative Auditor on May 28, 2014, included recommendations that the Office of Conservation (“Conservation”) “should consider revising its current regulations and require that all operators provide financial security or some type of financial assurance on newly permitted wells or wells with amended permits,” and that Conservation “should consider revising its current regulations to increase the amount for financial security to be more reflective of the costs to properly plug and remediate orphaned well sites. In addition, financial security amounts should be periodically reviewed and adjusted to ensure they are reflective of the costs to plug and remediate orphan well sites.” In agreeing with the same, Conservation promulgated regulations (published in LR 41:952 in May 2015) to accomplish this goal.

The Legislative Auditor’s report also stated that “Effective regulation is ... important in preventing operators from abandoning their wells. If operators abandon their wells or cannot maintain their wells in compliance with regulations, [Conservation] will orphan all of the operators’ wells...” where orphaned wells are defined as “abandoned oil and gas wells for which no responsible operator can be located or such operator has failed to maintain the well site in accordance with state regulations.”

The price of oil has dropped to historically low levels and most operators are unable to afford the increased financial security amounts promulgated in LR 41:952. Additionally, recent extensive flooding has precluded operators from producing their wells and may require the use of remaining assets to restore production. As the auditor’s report discussed “effective regulation”, if these new rules continue to be enforced they will likely result in Conservation orphaning the wells of these small operators, ultimately putting them out of business and thereby make the environmental concerns created by orphaned wells more severe. This Emergency Rule suspends the effect of these new rules until Conservation can review the matter further and amend the rule to account for these unintended consequences.

In support of these reasons, Conservation has considered the testimony of stripper operators before the House Natural Resources and Environment Committee, statements submitted and made at several public meetings and rulemaking hearings held with regard to the rules, statements submitted by Senators Barrow Peacock and Neil Riser on behalf of their constituents, and Representatives Stuart Bishop, Charles “Bubba” Chaney, Richard Burford, James “Jim” Morris, Mike Johnson, Terry Brown, and former Representative Henry Burns on behalf of their

constituents, as well as various other petitions noting the objections of approximately 760 individuals and 96 oil and gas operators.

Conservation finds that this action at this time is necessary to protect the public health, safety and welfare of the people of the State of Louisiana, but that this action is truly only the first step in working toward a more lasting solution to achieve the goals raised in the legislative auditor's report.

This Rule shall have the force and effect of law effective April 13, 2016 and will remain in effect for 120 days, unless renewed by the Commissioner of Conservation, withdrawn by the Commissioner of Conservation, or until permanent rules are promulgated in accordance with law.

Title 43

NATURAL RESOURCES

Part XIX. Office of Conservation – General Operations

Subpart 1. Statewide Order No. 29-B

Chapter 1. General Provisions

§104. Financial security

A. Unless otherwise provided by the statutes, rules and regulations of the Office of Conservation, financial security shall be required by the operator of record (operator) pursuant to this Section for each applicable well as further set forth herein in order to ensure that such well is plugged and abandoned and associated site restoration is accomplished. A compliance order and/or civil penalty which has been timely satisfied shall not cause an operator to be considered a non-compliant operator for the purpose of this Section.

1. Permit to Drill

a. On or after July 1, 2000, the applicant for a permit to drill must provide financial security for such well in accordance with the following.

i. An operator who has exhibited a record of compliance with the statutes, rules, and regulations of the Office of Conservation for a period of 48 months immediately preceding the permit date of the well and who has no outstanding violations shall be exempt from providing financial security under this Section.

ii. An operator who has not been a registered operator of record for a period of 48 months immediately preceding the permit date of the well in question shall comply with the following.

(a). An operator who has not previously been an operator of a well (drilling, drilled or completed) shall provide financial security in a form acceptable to the commissioner prior to issuance of a permit to drill.

(b). An operator who has previously been an operator of a well (drilling, drilled or completed) for less than the prescribed 48 months but has otherwise exhibited a record of compliance with the statutes, rules and regulations of the Office of Conservation and who has no outstanding violations shall provide financial security in a form acceptable to the commissioner within 30 days of completion date as reported on Form Comp or Form WH-1.

iii. An operator who has not exhibited a record of compliance with the statutes, rules, and regulations of the Office of Conservation for a period of 48 months immediately preceding the permit date of the well shall provide financial security in a form acceptable to the commissioner prior to issuance of permit to drill.

2. Amended Permit to Drill/Change of Operator

a. Any application to amend a permit to drill for change of operator must be accompanied by financial security in accordance with the following.

i. An operator who has previously been an operator of a well for a period of at least 48 months immediately preceding the amended permit to drill date, who has exhibited a record of compliance with the statutes, rules and regulations of the Office of Conservation and who has no outstanding violations shall be exempt from providing financial security under this Section.

ii. Any operator who does not meet the criteria specified in §104.A.2.a.i above shall provide financial security in a form acceptable to the commissioner prior to issuance of an amended permit to drill.

3. Financial security in a form acceptable to the commissioner shall be provided prior to issuance of a permit to drill or amended permit to drill to any operator which includes a primary officer therein who is or was a primary officer of an operator assigned an orphan status.

4. The financial security requirements provided herein shall apply to Class V wells as defined in LAC 43:XVII.103 for which an application for a permit to drill or amended permit to drill is submitted on and after July 1, 2000, at the discretion of the commissioner.

B. Compliance with this financial security requirement shall be provided by any of the following or a combination thereof:

1. certificate of deposit issued in sole favor of the Office of Conservation in a form prescribed by the commissioner from a financial institution acceptable to the commissioner. A certificate of deposit may not be withdrawn, canceled, rolled over or amended in any manner without the approval of the commissioner; or

2. a performance bond in sole favor of the Office of Conservation in a form prescribed by the commissioner issued by an appropriate institution authorized to do business in the state of Louisiana; or

3. letter of credit in sole favor of the Office of Conservation in a form prescribed by the commissioner issued by a financial institution acceptable to the commissioner.

C. Financial Security Amount

1. Land Location

a. Individual well financial security shall be provided in accordance with the following.

Measured Depth	Amount
< 3000'	\$2 per foot
3001-10000'	\$5 per foot
> 10001'	\$4 per foot

- b. Blanket financial security shall be provided in accordance with the following.

Total Number of Wells Per Operator	Amount
≤ 10	\$ 25,000
11-99	\$125,000
≥ 100	\$250,000

2. *Water Location—Inland Lakes and Bays*—any water location in the coastal zone area as defined in R.S. 49:214.27 except in a field designated as offshore by the commissioner.

a. Individual well financial security shall be provided in the amount of \$8 per foot of well depth.

- b. Blanket financial security shall be provided in accordance with the following.

Total Number of Wells Per Operator	Amount
≤ 10	\$ 250,000
11-99	\$1,250,000
≥ 100	\$2,500,000

3. *Water Location—Offshore*—any water location in a field designated as offshore by the commissioner.

a. Individual well financial security shall be provided in the amount of \$12 per foot of well depth.

- b. Blanket financial security shall be provided in accordance with the following.

Total Number of Wells Per Operator	Amount
≤ 10	\$ 500,000
11-99	\$2,500,000
≥ 100	\$5,000,000

4. An operator of land location wells and water location wells who elects to provide blanket financial security shall be subject to an amount determined by the water location requirements.

5. The amount of the financial security as specified above may be increased at the discretion of the commissioner.

D. A change of name by a compliant operator of record through acquisition, merger, or otherwise does not preclude said successor operator from meeting the requirements for exemption from financial security under this Section.

E. The commissioner retains the right to utilize the financial security provided for a well in responding to an emergency applicable to said well in accordance with R.S. 30:6.1.

F. Financial security shall remain in effect until release thereof is granted by the commissioner pursuant to written request by the operator. Such release shall only be granted after plugging and abandonment and associated site restoration is completed and inspection thereof indicates compliance with applicable regulations or upon transfer of such well to an

exempt operator. In the event provider of financial security becomes insolvent, operator shall provide substitute form of financial security within 30 days of notification thereof.

G. Plugging and abandonment of a well, associated site restoration, and release of financial security constitutes a rebuttable presumption of proper closure but does not relieve the operator from further claim by the commissioner should it be determined that further remedial action is required.

H. In the event that an operator has previously provided financial security pursuant to LAC 43:XIX.104, such operator shall provide increased financial security, if required to remain in compliance with this Section, within 30 days after notice from the commissioner.

AUTHORITY NOTE: Promulgated in accordance with R. S. 30:4, et seq.
HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation LR 26:1306 (June 2000), amended LR 27:1917 (November 2001), LR 41:952 (May 2015), amended LR??...

Signed at Baton Rouge, Louisiana, this 14th day of April, 2016.


Richard P. Ieyoub
Commissioner of Conservation

OFFICES OF

CYPRESS ENERGY CORPORATION

P.O. BOX 66769

BATON ROUGE, LOUISIANA 70896

225-343-1311

CYRIL J. LANDRY, III, OPL

N. PETER DAVIS, OPL

April 11, 2016

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

Re: Proposed New Lease Form

Dear Ms. Hyatt:

In response to the Board's soliciting of industry comment regarding the Proposed New Lease Form in Resolution # 16-03-008, we would like to offer comments on the assignment and audit records retention. Both of these are important and have the potential to greatly affect the companies doing business on State lands. We appreciate the Board's consideration of our comments.

Assignment

We strongly support the adding of the following language to Article 4 of the Proposed New Lease Form:

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 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.

We understand that this language was in the versions of the lease form that the Staff recommended for adoption at the Mineral Board's meeting of February 10th and of January 2016. We also understand that this language was included in numerous prior drafts. For some unknown reason, it was deleted prior to the March Board meeting.

We strongly oppose the following provision that was added to the Proposed New Lease Form after the March meeting as Article 4(D):

(D) An Assignment by Lessee, notwithstanding approval by Lessor, and regardless of any understanding, agreement, language or reference set forth in the Assignment

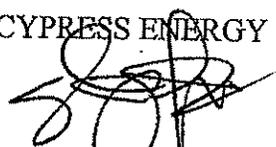
instrument, and in accordance with the applicable provisions of The Mineral Code of the State of Louisiana, does not release nor relieve the assignor(s) from satisfying and complying with the terms, conditions, duties, responsibilities and/or obligations required by this Lease.

Cypress Energy Corporation is an independent lease broker. As you know, a significant percentage of the leases granted by the State are originally issued to lease brokers who never undertake any operations on the lease. This service is an essential tool for assembling and marketing of oil and gas interests; because the development of an oil and gas prospect can render a particular area very valuable very quickly. Oil companies frequently need to maintain their anonymity while lease acreage is being obtained. Lease brokers, like Cypress Energy Corporation, provide a critical role in the leasing of State acreage, which then leads to development which benefits the State. But that role would be severely jeopardized if the State could turn to an original lessee/lease broker (who never drills a single well) to satisfy future post assignment lease obligations (e.g., payment of royalties, plugging wells, penalties, liquidated damages). Under the language we request above, if a lease broker like Cypress Energy Corporation bid upon and acquired a State lease and then assigned the lease to a client, if we did not undertake operations or otherwise accrue obligations, we would not be responsible for post assignment obligations. To the contrary, under the Staff's new proposed Article 4(D), Cypress Energy Corporation arguably would remain responsible for satisfying and complying with all of the terms, conditions, duties, responsibilities and/or obligations post assignment for the life of the lease, even though it never undertook any operations. We again urge the Board to include the above language in the Proposed New Lease Form and not to use the provision inserted after the March meeting.

With respect to audit records retention, Cypress Energy Corporation also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Sincerely,

CYPRESS ENERGY CORPORATION



Cyril J. Landry, III

CJL/III



Davis Land & Exploration, Inc.
Larry H. Davis, CPL † Phone: 601-569-9775

April 11, 2016

State Energy and Mineral Board

Lasalle Building, 8th Floor

617 N. Third Street

Baton Rouge, LA 70802

Attention: The Board

Dear Board Members:

I have been following with great interest the proposed changes to the Louisiana State Lease form and have reviewed the recommendations by Ms. Cynthia Nicholson and her colleagues and consider their suggestions to be point on and in the best interest of the State as Lessor and the many Lessee's who do business in the Great State of Louisiana.

It is my suggestion and request that you consider fully the recommendations as outlined by Ms. Nicholson, et al a copy of which is attached to this letter.

With kindest regards, I am sincerely,

Davis Land & Exploration, Inc.

By: *Larry H. Davis, Sr.*



April 11, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This in response to the Board's Resolution # 16-03-008 soliciting industry comment regarding the Proposed New Lease Form. Denbury Onshore, LLC strongly supports the recommendations contained in the Memorandum dated April 6, 2016 from Cynthia Nicholson and Peck Hayne with the Gordon Arata law firm and Tommy Smart with the Onebane law firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Denbury also requests that the Board set a time period (e.g. 5 or 6 years for retention of records).

Thank you for your consideration of these important issues.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Greg Schnacke".

J. Greg Schnacke
Executive Director

** Attached Memorandum*



DGC Energy LLC
20297 Brunning Road
Covington, LA 70435

Office of Mineral Resources
Louisiana State Mineral and Energy Board
Baton Rouge, Louisiana

April 8, 2016

Gentlemen,

We strongly support the recommendations proposed in the attached memorandum from Cynthia Nicholson and Peck Hayne of Gordon, Arata, McCollam, Duplantis & Eagan, LLC and Tommy Smart of Onebane Law Firm dated April 6, 2016 be adopted into the proposed state lease form. It is difficult enough with existing leases to do business in our state and, especially in hard economic times for the industry, it would be a mistake to include any terms that discourage investment.

Yours truly,

A handwritten signature in cursive script that reads "Cheryl R. Collarini".

Cheryl R. Collarini
Manager and Owner

* Attached Memorandum

E&B NATURAL RESOURCES MANAGEMENT CORPORATION
1984 North Highway 190
Covington, LA 70433
985-246-7700 office
985-246-7701 fax

March 8, 2016

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

Ladies and Gentlemen:

E&B Natural Resources Management Corporation (E&B) urges the State Mineral Board to include the following provision in the State lease form that it is currently considering for adoption:

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 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.

The State Mineral Board's Staff has included this same provision in the lease forms it was recommended be adopted at the last two State Mineral Board meetings in January and February. We understand that this same provision was also included in the Staff's drafts of January 10, January 12, January 15, January 28 and February 5. Not until yesterday did the Staff delete this previously-agreed to provision from its proposed draft. Its new draft is still not posted on the Mineral Board's website.

State Mineral and Energy Board
of the State of Louisiana

Page 2

March 8, 2016

We suggest that both the State would be way better off in the long run with such a provision in its new lease and that omitting such a provision would be short-sighted. Oil companies are way more willing to invest time and money in a lease if they know beforehand that they would be able to market and sell the lease down the line. In other words, the more marketable a lease is, the more likely it is to be developed and thus the more royalties and other revenues the lessor (here the State) will likely be paid. Thus, the new lease form should encourage oil companies to spend their time and money on State lands rather than elsewhere. In short, this provision above encourages investment in State lands and in Louisiana.

The need for such a provision is particularly important because the new lease form includes many provisions that were not in the earlier forms and impose new burdens on lessees State (such as for insurance, financial security, and penalties). Companies will be far more willing to obtain leases with these new/additional burdens if they can be assured that they won't be responsible for breaches by their assignees for new operations. E&B has no problem with the first sentence of the proposed provision; if E&B drills a well, it should remain responsible for seeing that the well is properly P&A'd if an assignee does not do so. In this regard, we note that the new lease form gives the State Mineral Board added grounds for approving or disapproving an assignment if a proposed assignee lacks financial or technical capabilities; so the new form protects the State in many ways that the old lease forms did not.

Sincerely,

E&B Natural Resources



G. R. "Bud" Tippens

cc.: Suzanne Hyatt
Stacey Talley
Cynthia A. Nicholson



148-A Easy Street, Lafayette, Louisiana 70506
Post Office Box 60726, Lafayette, Louisiana 70596-0726
Phone: (337) 264-9810 Fax: (337) 264-9816

April 8, 2016

State Energy and Mineral Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, I.A 70802

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. EDI Environmental Services, Inc. (EDI) strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, EDI also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,
EDI Environmental Services, Inc.

A handwritten signature in black ink, appearing to read "Clayton Courville".

Clayton Courville
President

Copyright © 2016 LOGA, All rights reserved.
You are a member or affiliated with LOGA

* Attached Memorandum

546 CARONDELET STREET
NEW ORLEANS, LOUISIANA 70130-3588

EDWARD B. POITEVENT, II
DIRECT DIAL: (504) 593-0889
DIRECT FAX: (504) 593-0889
E-Mail: epoitevent@stoneplgman.com

April 7, 2016

State Energy and Mineral Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, LA 70802
Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of
OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. I strongly support the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, I also request that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,



Edward B. Poitevent, II

EBP,II/lak

& Attached Memorandum



1 SANCTUARY BLVD
STE 300
MANDEVILLE, LA 70471

(504) 835-4546
(985) 233-8404

April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's
3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Energy Properties Inc. strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Energy Properties, Inc. also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

C. Wiley Conn

* Attached Memorandum



1021 Main (One City Centre)
Suite 2626
Houston, Texas 77002
Tel 713-351.3000 Fax 713-351.3300
www.energyxxi.com

April 11, 2016

State Energy and Mineral Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, LA 70802
Attention: The Board

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

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Energy XXI strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Energy XXI also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Marchive II".

Ben Marchive II
Vice President, Land

* Attached Memorandum



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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. EnerVest Operating strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, EnerVest Operating also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ronald P. Whitmire', written in a cursive style.

Ronald P. Whitmire
Vice President & Chief Administrative Officer

** Attached Memorandum*

April 11, 2016

Louisiana State Mineral and Energy Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, LA 70802
Attn: The Board

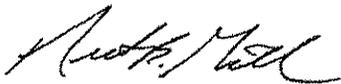
Re: Ratification of Memorandum
Comments to Articles 4(D) and 10(A) of OMR's 3/16 draft of proposed State Lease Form

Dear Board Members:

In response to Resolution No. 16-03-008 adopted by the State Mineral and Energy Board on March 9, 2016 and the draft of the proposed State Lease form posted to the Department of Natural Resources' website on March 16, 2016, EnVen Energy Ventures, LLC hereby fully supports and ratifies the recommendations set forth in the attached Memorandum dated April 6, 2016 from Attorneys Cynthia Nicholson, Peck Hayne, and Tommy Smart. We ask that you consider adopting the recommendations of said Memorandum to encourage future leasing and development of state lands for mineral exploration and production.

We appreciate your time and consideration.

Best regards,
EnVen Energy Ventures, LLC



Nick Gibbens
Vice President – Land & Business Development

Encl.

* Attached Memorandum



April 11, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Fieldwood Energy, LLC strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Fieldwood Energy, LLC also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shannon Savoy', written over a horizontal line.

Shannon Savoy
Vice President – Production

** Attached Memorandum*



Freeport-McMoRan Oil & Gas
717 Texas Avenue, Suite 2100
Houston, TX 77002

Telephone: 713-578-8000

April 8, 2016

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 letter is in follow-up to our letter of March 8, 2016 submitted before the State Mineral and Energy Board ("Board") March meeting and is submitted in response to the Board's Resolution # 16-03-008, soliciting industry comment on four remaining issues regarding the Proposed New Lease Form. Since the March Board meeting, a revised version of the Proposed New Lease Form has been posted. We are commenting on two of these issues, assignment and audit records retention. Before commenting, we wish to reiterate that we very much appreciate the Office of Mineral Resources ("OMR") considering the comments of Freeport-McMoRan Oil & Gas ("FM O&G") throughout this process. Our comments have been submitted in the spirit of cooperation, towards producing a balanced lease form, protecting the State's interests in a framework workable for industry.

Assignment Comments

By way of background, our prior letter addressed the striking from the Proposed New Lease Form immediately prior to the March Board of the following assignment provision (the "Original Assignment 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 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. (emphasis added)

This Original Assignment Provision had been included in the versions of the Proposed New Lease Form recommended by Staff at the February 10th and January 2016 Board meetings, and had been present in a number of prior drafts. It was redacted shortly before the March meeting.

Under the Original Assignment Provision, it was clear that an assignor remained responsible for obligations which accrued prior to assignment approval (e.g., it remained responsible for wells it drilled during its ownership and watch), but was not responsible for obligations accruing after

assignment approval (e.g., it was not responsible for wells drilled by assignees over which it had no control). Striking this provision removed that clarity, leaving an assignor open to a claim for potential future liability of its assignees and other successors in title. From the lessee/assignor's standpoint, this was even more problematical given the more onerous nature of the Proposed New Lease Form, when compared to the current State lease form.

When the revised Proposed Lease Form was posted after the March meeting, the following provision had been inserted as Article 4(D) ("New Assignment Provision"):

(D) An Assignment by Lessee, notwithstanding approval by Lessor, and regardless of any understanding, agreement, language or reference set forth in the Assignment instrument, and in accordance with the applicable provisions of The Mineral Code of the State of Louisiana, does not release nor relieve the assignor(s) from satisfying and complying with the terms, conditions, duties, responsibilities and/or obligations required by this Lease.

While this provision is unclear as written, it appears as though it may have been intended to expressly provide that the assignor remains responsible even for obligations accruing after the approval of the assignment.

We reiterate that it is important to use the language contained in the Original Assignment Provision. While that language is not in the lease form currently being used by the State, the Proposed Lease Form contains many new provisions not in the current form, which provide the State with additional protection and place greater burdens on lessees, including insurance requirements (Article 16), financial security requirements (Article 15), the ability of the Board to disapprove an assignment if the proposed assignee lacks sufficient financial or technical capabilities (Article 4(D)), and numerous additional penalty and liquidated damages provisions. Because of the many new administrative provisions contained in the Proposed Lease Form, it is much more important to draw a clear line between an assignor and an assignee with respect to responsibility for obligations.

We also suggest that this language is in the State's best interests as well. With the New Assignment Provision, companies will be much less inclined to take new leases from the State and any leases that are obtained will be much less marketable. This is because companies will be concerned about their potential liability, not for their own operations and activities, but for future operations and activity by their assignees and successors in title. If fewer leases are taken or if companies elect to abandon operations prematurely rather than assigning, then there will be less bonus, rentals and royalties accruing to the State's benefit and there will be less overall economic activity which would otherwise benefit the State. We also note that this new form is being implemented at a time where overall oil and gas activity is virtually nonexistent and given our State's litigation issues (e.g., legacy lawsuits) many companies are already reluctant to do business in Louisiana.

We also note that the Original Assignment Provision is consistent with the effect of an assignment of a federal offshore lease, where an assignor of a federal offshore lease is responsible only for lease obligations that accrued before the time of the assignment and is not

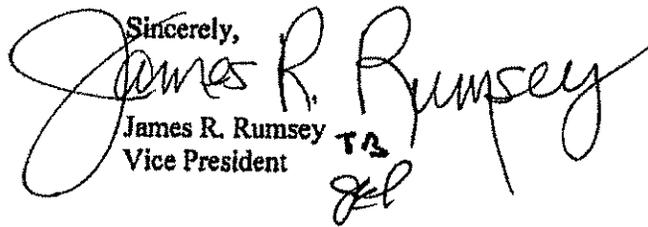
responsible for any lease obligations that accrue after the assignment. See 30 C.F.R. § 556.62(d)-(e). The New Assignment Provision would impose greater liability on State lessees than federal lessees, putting the State at a competitive disadvantage.

We respectfully request that the Board include the Original Assignment Provision in the new State Lease form.

Audit Records Comment

Under the Proposed Lease Form, a lessee is required to maintain any and all records relative to the calculation and payment of royalties and other sums due by the lessee forever. This requirement is totally inconsistent with standard industry record retention policies. During industry meetings with Staff, it is our understanding that they have refused to agree to limit the records retention period. It is our understanding that in these meetings the Staff has indicated that once an audit has been finalized, that, as matter of policy, they no longer require those records be retained. We respectfully request that a set time period for record retention be included in the audit provision (e.g. 5 or 6 years) or, in lieu thereof, that an express records retention exception be inserted for records pertaining to an audit that has already taken place.

Thank you again for considering our input.

Sincerely,

James R. Rumsey
Vice President
TB
Jel

GIEGER, LABORDE & LAPEROUSE, L.L.C.

ERNEST P. GIEGER, JR.^{1,2}
KENNETH H. LABORDE^{1,2}
LAMBERT M. LAPEROUSE^{1,2}
ROBERT I. SIEGEL^{1,2}
ANDREW A. BRAUN^{1,2}
LEO R. MCALOON (I)^{1,2}
JOHN E. W. BAAY (I)^{1,2,3}
ANDREW M. ADAMS^{1,2}
DANIEL G. RAUH¹
RACHEL G. WEBER¹
BRENDAN P. DOHERTY^{1,2}
CHRISTOPHER R. TESKE^{1,2}
WILLIAM A. BAROUSSE^{1,2}
MICHAEL E. HILL^{1,2}
TARA E. CLEMENT^{1,2}
EMILY E. EAGAN^{1,2}

MICHAEL D. CANGELOSI
ELIZABETH A. CHICKERING
SIMONE MANUEL ALMON
JAMESON M. TAYLOR
VICTORIA E. EMMERLING
MEGAN A. CAMBRE

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ERIC S. CHARLESTON⁶
CAITLIN J. HILL³
JONATHAN S. ORD
BRADLEY J. SCHWAB
SANDY G. HOY⁴
IAN R. GOLDBERG⁷
MARGARET V. GLASS⁸
DAVID M. SCHROETER
DALLAS V. COOK⁴

OF COUNSEL

JANET H. ASCHAFFENBURG
J. MICHAEL DIGIGLIA⁹
CHARLOTTE A. FIELDS⁴
GINA S. MONTGOMERY
ALISTAIR M. WARD

¹ LAW CORPORATION
² ALSO ADMITTED IN TEXAS
³ ALSO ADMITTED IN MISSISSIPPI
⁴ ONLY ADMITTED IN TEXAS
⁵ ALSO ADMITTED IN COLORADO
⁶ ALSO ADMITTED IN NEW YORK
AND WASHINGTON, D.C.
⁷ ONLY ADMITTED IN TEXAS
AND MONTANA

April 8, 2016

State Energy and Mineral Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, Louisiana 70802

Attention: The Board

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

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. The undersigned, Andrew M. Adams, strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, the undersigned also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

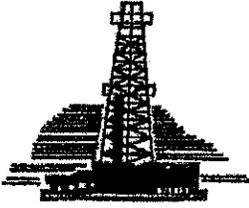
Both of these issues are very important to us and others in our industry.

Sincerely,

By: 

Andrew M. Adams

* Attached Memorandum



HAROLD J. ANDERSON, INC.

Independent Petroleum Landmen

381 Highway 21, Suite 205
Madisonville, Louisiana 70447

2200 Pakenham Drive
Chalmette, Louisiana 70043

Telephone (504) 276-5858

Facsimile (504) 277-0502

March 8, 2016

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

Ladies and Gentleman:

I am the president of Harold J. Anderson, Inc. and Kare-Sue Energy, Inc., which have been providing land services in Louisiana for almost fifty years. Among the valuable services we provide is bidding for and obtaining new State leases on behalf of oil company clients. On behalf of Harold J. Anderson, Inc., Kare-Sue Energy, Inc., and our many oil company clients, I am writing to urge that the Mineral Board include the following provision in the new State lease form the Mineral Board is considering:

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 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.

This is the same provision that was in the form of lease that the OMR Staff recommended at the Mineral Board's meetings both in January and February 2016.

As I'm sure the Mineral Board recognizes, a significant portion of the leases granted by the State are originally issued to land brokers who never undertake any operations on the lease. This service is an essential tool for the marketing of oil and gas interests. Because the development of an oil and gas prospect can render a particular area very valuable very quickly, oil companies frequently need to maintain their anonymity while lease acreage is being obtained so that "free loaders" don't scoop up leases when they learn that one or another particular oil company has a prospect in an area. In short, land service companies such as Harold J. Anderson, Inc. provide a critical role to help develop State acreage. But that role would be severely jeopardized if the State could turn to an original lessee-land service company (who never drills a single well) to satisfy some unpaid royalty or to plug some well that a subsequent oil company assignee may not properly pay or plug years after the lease was granted. [While Staff has suggested that it would "never" seek to go against a broker, I respectfully suggest that this is not a guarantee; Staff and Mineral Board members may change over time and of course can also change their mind if the language is not in the lease form itself.]

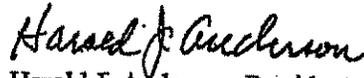
State Mineral and Energy Board
March 8, 2016
Page 2

Further, oil companies such as my clients will be far less willing to bid for or otherwise invest in State leases if they know that they could be held responsible for new wells that some other company down the chain-of-title years while might incur and not satisfy. In short, I believe that this proposed language is very much in the State's best, long-term interests. Without such language, oil companies will be much less inclined to take new leases from the State and instead will be more inclined to invest their time and money elsewhere; that in turn would lead to less royalty and other revenues paid to the State and thus to less overall oil and gas activity in Louisiana.

In sum, I urge the Mineral Board to include such a provision in whatever new lease form it may adopt.

Yours truly,

Harold J. Anderson, Inc.


Harold J. Anderson, President

cc.: Cynthia A. Nicholson
C. Peck Hayne Jr.

HELIS OIL & GAS COMPANY, L.L.C.

228 ST. CHARLES AVENUE, SUITE 912
NEW ORLEANS, LOUISIANA 70130

Telephone:
(504) 523-1831

Facsimile:
(504) 522-6486

April 7, 2016

State Energy and Mineral Board
Lasalle Building
8th Floor
617 N. Third Street
Baton Rouge, Louisiana 70802

Attention: The Board

RE: New Louisiana State Lease Form – March 16, 2016 Draft
Memorandum of April 6, 2016

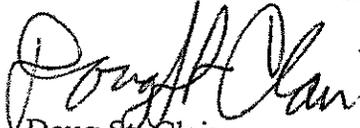
Gentlemen:

This letter is in response to the attached Memorandum of April 6, 2016 prepared by Cynthia Nicholson and Peck Hayne with the Gordon, Arata Law Firm and Tommy Smart with the Onebane Law Firm regarding the New Louisiana State Lease Form – March 16, 2016 Draft. We ask that you consider strongly the recommendations in said Memorandum.

Should you have any questions and/or comments, please contact me directly at (504) 681-3321 or via my email address at dstclair@helisoil.com.

Very truly yours,

HELIS OIL & GAS COMPANY, L.L.C.


Doug St. Clair

DPS:lls
Attachment

* Attached Memorandum



April 8, 2016

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

Dear Board Members:

As one of the State's largest oil and gas producers, Hilcorp Energy Company writes to comment on the new form of State lease to be considered by the Board at its May 2016 meeting. As we have previously written to the Board, we are again urging the Board to include in this lease the following provision (referred to as the "*Original Provision*" which was in the form of lease that the Staff recommended for approval at the Board's meetings of both January 13, 2016 and February 11, 2016):

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 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.

The current form prepared by the Staff now includes the following new provision ("New Provision"):

An Assignment by Lessee, notwithstanding approval by Lessor, and regardless of any understanding, agreement, language or reference set forth in the Assignment instrument, and in accordance with the applicable provisions of The Mineral Code of the State of Louisiana, does not release nor relieve the assignor(s) from satisfying and complying with the terms, conditions, duties, responsibilities and/or obligations required by this Lease.

We note neither the Original Provision nor the New Provision is in the State's current or prior lease forms. Consistent with the goal of providing more clarity to all parties, we believe an express provision on what obligations an assigning party is or is not responsible for is important to help "better serve and encourage" both prospective lessees and the State. As explained below, we believe the Original Provision fully serves this goal, but the New Provision (or including no provision) would have the exact opposite effect and thus ultimately would be a disservice to both lessees and the State.

We also suggest the Original Provision language is very much in the State's best, long-term interest. Without such language, Hilcorp and other oil companies will be much less

inclined to acquire new leases from the State and instead will be more inclined to invest their time and money elsewhere (thus reducing the royalty and other revenues payable to the State). In short, the failure to include the Original Provision language will make leasing from the State far less marketable and commercial.

The assignability and marketability of mineral leases has been a crucial component of oil and gas development in Louisiana. The more marketable a State lease is, the more royalties and other revenues the State ultimately stands to take in; while the absence of a provision such as here might benefit the State in a single individual case, simple economics and market dynamics dictate the complete opposite as an overall, global matter. It is no secret the major oil companies have all but completely stopped leasing any State lands. That is not good for the State; the Board needs to be encouraging oil companies to spend their time and money on State lands (not in other states and elsewhere). A provision such as the one we urge the Board to adopt would help return Louisiana to a premiere oil and gas leader in our nation.

Although this proposed language is not in the State's current or prior lease forms, the proposed new lease form contains many provisions that were not in the earlier forms and protect the State: for example, the proposed new lease form requires the lessee to maintain insurance (article 16) and other financial security (article 15) and also expressly allows the Board to disapprove an assignment for various reasons such as if the proposed assignee lacks sufficient financial or technical capabilities (article 4(E)). Further, the new lease form contains numerous provisions on penalties and liquidated damages that were not in the prior forms. Thus, the inclusion of the language above would be much more significant now than it was in the past.

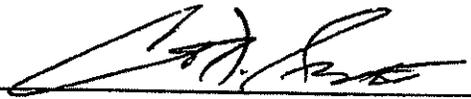
We also note that bright-line provisions such as the one proposed have long been recognized for federal offshore leases, which provide that an assignor of a federal offshore lease is responsible only for lease obligations that accrued before the time of the assignment and is not responsible for any lease obligations that accrue only after the assignment. *See* 30 C.F.R. § 556.62(d)-(e) (formerly codified at 30 C.F.R. § 256.62(d)-(e)).

We also urge the Board to add a limitation to article 10 of this proposed lease form. These provisions concerning the Lessor's right to audit our records and require us to maintain our records with regard to this lease forever regardless of whether or not, an audit has already been conducted or the Board has approved an assignment of all our rights in such lease years earlier. Hilcorp's records retention policy provides that we retain our records for 7 years and in this regard, we note that the relevant federal laws only require such records to be kept for six years. We urge the Mineral Board to revise the lease form to limit the records retention to six years, instead of the unreasonable requirement of record retention forever.

In short, Hilcorp urges the Board to revise the lease as set forth herein.

Sincerely,

Hilcorp Energy Company

By: 
Curtis D. Smith
Vice President, Land

HOUSTON ENERGY, LP.

1200 Smith St., Suite 2400
Houston, Texas 77002
Phone: (713) 650-8008
Fax: (713) 650-8305
hsuire@houstonenergyinc.com



April 11, 2016

State Energy and Mineral Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, LA 70802
Attn: The Board

Dear Board Members,

Our company, Houston Energy, L.P., has been an active exploration company in South Louisiana, purchasing or causing to be purchased many State of Louisiana oil and gas leases. We have been extremely successful in finding oil and gas on these acquired state leases leading to tens of millions of dollars in revenue for the state. For example, our most recent discovery on lands owned by the state in Terrebonne Parish was operated by Hilcorp Energy Company and is currently producing approximately 25 mmcf/d and over 400 bo/d from a lease wherein the state has a 23% Net Revenue Interest.

We are extremely concerned with some of the clauses in the new proposed State of Louisiana oil and gas lease. We hereby join in and ratify the Memorandum written to the Office of Mineral Resources by Cynthia Nicholson and Peck Hayne of Gordon, Arata, McCollam, Duplantis & Egan, LLC law firm. I have attached the Memorandum hereto this letter for reference. Without the state adopting the changes proposed by Ms. Nicholson and Mr. Hayne, the industry will certainly suffer causing us to reconsider our level of activity on lands owned by the State of Louisiana.

We respectfully ask that you heavily consider the changes being proposed and act accordingly. Thank you in advance for your time and consideration on this matter.

Sincerely,

P. David Amend

Sr. Executive Vice President

Houston Energy, L.P.

* Attached Memorandum

HPS OIL & GAS PROPERTIES, INC.

118 DEMANADE, LAFAYETTE, LA 70503

P.O. BOX 52149, LAFAYETTE, LA 70505

Gary L. Salmon
President

337/232-1200
FAX 337/233-0793

April 7, 2016

State Energy and Mineral Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, LA 70802
Attention: The Board

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

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. HPS Oil & Gas Properties, Inc. strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, HPS also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,



Gary L. Salmon
President

* Attached Memorandum

Suzanne Hyatt

From: Suzanne Hyatt
Sent: Thursday, April 14, 2016 11:29 AM
To: Suzanne Hyatt
Subject: opinion on new state lease form

Hyland Abstracting, LLC

From: Phyllis Darenbourg **On Behalf Of** LDNR Public Information
Sent: Friday, April 08, 2016 9:29 AM
To: David Boulet; Stacey Talley; James Devitt
Cc: Randi Fracassi
Subject: FW: opinion on new state lease form

Please see the email below sent to DNR Public Information mail for Board.

Phyllis F. Darenbourg
DNR Public Information Director
La. Dept. of Natural Resources
LaSalle Office Building-12th floor
617 North 3rd St.
Baton Rouge, La. 70804
Office – 225-342-8955
Fax- 225-342-3442

From: Patia LaCour [<mailto:hylandabstracting@hotmail.com>]
Sent: Friday, April 08, 2016 8:04 AM
To: LDNR Public Information
Subject: opinion on new state lease form

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

Attention: The Board

Dear Board Members:

Re: Comments to Articles 4(D) and 10(A) of OMR's 3/16 draft of proposed State Lease form

In response to Resolution No. 16-03-008 adopted by the State Mineral and Energy Board (the "**Board**") on March 9, 2016, we submit the following comments to the draft of the proposed State Lease form posted by Staff of the Office of Mineral Resources ("**OMR**") on the Board's website on March 16, 2016 (the "**3/16 Draft**").¹

When it posted the 3/16 Draft on the Board's website, Staff recognized the importance that leasing of State lands has for our State and thus the importance of the State Lease form actually used for leasing State lands:

We sincerely hope that this New Lease Form will better serve and encourage prospective leaseholders to take advantage of the opportunity to lease state acreage for mineral exploration and production within our great state of Louisiana.

As mineral leasing has long been a crucial source of funding and jobs for our State, we fully agree that it is critical that this new lease form actually "better serve and encourage" prospective lessees. In other words, any new lease form must not only protect the State, it must also encourage parties to want to lease State acreage. A new lease form that favors the State on every point is ultimately self-defeating if it is so onerous that it discourages parties from taking new leases.

The 3/16 Draft is a vast improvement-for both our State and industry-from the initial draft proposed over a year ago. The three of us are very appreciative of the time, effort and support that Staff has shown in working with us on this important task for our State. The Staff has incorporated many of the clarifications, additions and changes that we have requested.

_____ While the three of us generally provide legal advice to and represent different parties in the oil and gas industry in Louisiana (including before the Board and OMR) and thus while our perspectives generally are aligned with many industry participants (including large and small oil companies; broker and land service companies; and lenders and investors), we submit these comments below only as concerned Louisiana citizens, as the three of us cannot speak for all industry participants. Thus, other industry participants and other interested parties may also have other comments or concerns about the 3/16 Draft.

Nonetheless, as indicated below, we believe that there remain two provisions in the 3/16 Draft that should be changed in order to accomplish this stated goal to "better serve and encourage" the further leasing of State lands for mineral exploration and production. As explained below, we believe that Article 4(D) as first added by Staff in its 3/16 Draft and Staff's refusal to include a sentence in Article 10(B) would be a major deterrent to this stated goal and are otherwise unfair and inappropriate.

Although the 3/16 Draft would impose many other, new obligations and requirements for leaseholders, we believe that those new obligations and requirements would be acceptable if our two requested changes discussed below are made; however, without our two requested changes below, we fear that the 3/16 Draft as currently drafted would result in far more harm to the State in lost leasing opportunity and revenues than any good to the State.

1. The Assignment provisions in Article 4(D)

We urge that the following paragraph, which Staff first proposed in this 3/16 Draft, (the "*New Provision*") be deleted from Article 4(D) on page 9 and that the following, previously agreed-to paragraph (the "*Original Provision*") be re-inserted in its place:

NEW PROVISION:

An Assignment by Lessee, notwithstanding approval by Lessor, and regardless of any understanding, agreement, language or reference set forth in the Assignment instrument, and in accordance with the applicable provisions of The Mineral Code of the State of Louisiana, does not release nor relieve the assignor(s) from satisfying and complying with the terms, conditions, duties, responsibilities and/or obligations required by this Lease.

ORIGINAL 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 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.

The exact language of the Original Provision is in the draft that Staff recommended the Board adopt at its February 10th meeting (and also in the earlier draft that Staff similarly recommended the Board adopt at its January 13th meeting). In fact, this exact language of the Original Provisions was in the Staff's drafts of January 10th, January 12th, January 15th, January 28th and February 5th; this February 5th draft was also posted on the Board's website available for any interested party to review. Not until its February 17th draft (that is, after the February Board meeting) did Staff propose deleting the second sentence of the Original Provision and not until its March 7th draft (two days before the Board's March 9th meeting) did Staff delete the entire Original Provision that it had previously agreed to. Then, in its 3/16 Draft, Staff has now entirely deleted all of the Original Provision (even the first sentence, which favors the Staff's interests) and instead substituted the New Provision in its place.

We note that neither the Original Provision nor the New Provision is in the State's current or prior lease forms. Consistent with the goal of providing more clarity to all parties, we believe that an express provision on what obligations an assigning party is or is not responsible for is important to help "better serve and encourage" both prospective lessees and the State. As explained below, we believe that the Original Provision fully serves this goal, but that the New Provision (or including no provision) would have the exact opposite effect and thus ultimately would be a disservice to both lessees and the State.

This new lease form imposes many more obligations-including particularly for penalties and liquidated damages-that were not in prior lease forms. Further, the new lease form also contains many significant provisions that greatly protect the State but were not in any earlier lease form. For example the proposed lease form provides as follows:

- Article 16 contains detailed provisions for the lessee to maintain liability insurance naming the State as an additional insured, and also imposes damages of \$100/day for not complying with these provisions.
- Article 15 contains detailed provisions for the lessee to provide further financial security for plugging and abandonment and associated site restoration.
- Article 4(E) now expressly provides that the proposed assignment may be disapproved "if, in the Lessor's reasonable opinion, the proposed assignee/transferee lacks the necessary financial capacity to meet the obligations required by this Lease or technical capacity to sustain reasonable development of the Leased Premises."

In short, the proposed new lease form has numerous new provisions to protect the State with respect to assignees and also provides for numerous new penalties and liquated damages in the event of a breach. A lease broker who helps obtain a new lease (or another original lessee) should not have to worry about penalties or other liabilities that any assignee (much less one distantly down the chain-of-title such as 20 years later) may incur for new wells drilled or facilities installed and new production obtained years after the Board approved their assignment.

Indemnification provisions are some of the most significant provisions in a lease for both a lessor and a lessee. The 3/16 Draft contains both an environmental damage indemnification (Article 14(B)) and a general indemnification (Article 21). In both of these provisions, the Lessee must provide such indemnification not only for its own actions but also those of its officers, employees, agents, representatives, contractors, subcontractors, licensees and invitees. When Staff raised concerns regarding the obligations of the assignees, the parties agreed to include in both of these sections a provision that the Lessee shall also indemnify the Lessor for any acts of its assignees provided that the assignment in favor of such assignee has not yet been approved by the Board. The parties agreed to these modifications and limitations on the indemnify because they had already agreed that a Lessee would not be responsible for any new wells drilled or structures installed by its assignee after the assignment was approved by the Board nor have any responsible for the assignee's breach of its obligations under the lease. In accordance with the parties' agreement, the Original Provision clearly provides that the Lessee retains responsibility for all of its accrued obligations after the Board's approval of its assignment. However, the New Provision does not even clearly recognize this obligation and instead refers to satisfaction of lease terms and duties.

Significantly, we believe that including the New Provision instead of the Original Provision (or not including any provision at all) will make leasing from the State far less marketable and commercial and thus will ultimately disserve both the State and the industry. As we all know, the majors have all but given up on holding State leases; by omitting the Original Provision (and, even more, by including the New Provision), the State can almost guarantee that the majors will continue to avoid developing State acreage. Particularly for times like now when it is very difficult to entice companies to drill oil and

gas wells anywhere in Louisiana, we believe that the Board should not be using a lease form that would discourage oil companies from wanting to operate in Louisiana as opposed to spending their money and efforts elsewhere. If an assignor would be liable for new/future operations of an assignee (in which it had no participation) and any penalties or liquidated damages that an assignee may incur, assignors will overall be less willing to assign leasehold interests and instead will be more inclined simply to let leases lapse (thus bringing in no revenue to the State).

Moreover, we note that the concept set forth in the Original Provision would not be unique to State leases. The federal regulations for offshore oil and gas leases have long provided that an assignor of a federal offshore lease is responsible only for lease obligations that accrued before the time of the assignment and is not responsible for any lease obligations that accrue only after the assignment. See 30 C.F.R. § 556.62(d)-(e) (formerly codified at 30 C.F.R. § 256.62(d) (e)).

In the 3/16 Draft, the New Provision was included for the first time. This provision provides that, notwithstanding the State's approval of an assignment, the assignor is not released or relieved from satisfying the terms and obligations of the Lease. But this provision does not specify or address what those obligations are and could be construed to infer that a Lessee remains responsible for each and every subsequent lessee's failure to comply with its obligations. For example, if an approved lessee fails to maintain the required insurance, under this provision it appears that a broker who was the original lessee twenty years earlier would be responsible for the liquidated damages owed due to such failure under Article 16(f). This result is clearly inconsistent with the parties' intent as this lease draft has been negotiated under the past several months.

As we appreciate the provisions of the Mineral Code relating to assignments, we believe that the law is unclear on exactly what obligations an assignor would or would not be responsible for. While Mineral Code article provides that "[a]n assignor or sublessor is not relieved of his obligations or liabilities under a mineral lease unless the lessor has discharged him expressly and in writing," it does not specify whether these obligations and liabilities include ones that do not accrue *until after* the assignment. We believe that the Original Provision directly addresses what the law does not expressly and clearly provide, and thus avoids potential disputes between the parties: the first sentence of the Original Provision favors the State by clearly articulating what the assigning party remains responsible for, and conversely the second sentence articulates what the assigning party is not responsible for. Under the Original Provision, it is clear that the assigning party will remain responsible, for example, for abandoning any wells or facilities it built and for payment of royalties on all production that it produced and conversely that the assigning party will not be responsible for a new well that an assignee might later drill.

2. AUDIT: As we have previously discussed during the negotiation of this new lease form, the staff has insisted that the lease form provides that a Lessee shall maintain any and all records "relative to is calculation and payment of royalties and other sums due by Lessee hereunder" forever. This requirement is totally inconsistent with standard industry record retention policies and problematical for a number of reasons. We have urged that the Staff agree to limit the requirement to a certain number of years, such as six years-being the relevant federal requirement. However, the Staff has refused to consider this request.

We have also urged that the following sentence be added at the end of article 10(A) on page 20:

Nonetheless, upon conclusion of an audit for a particular period of time, Lessee shall no longer be obligated hereunder to keep any books or records for such period of time.

Without such a sentence, a lessee will be required to keep its lease records forever, even after the State had conducted a full audit of the lessee's payments during the lease term. We believe that, once an audit is concluded, there is no more need for a lessee to keep its voluminous records for that period; a requirement

that a lessee must keep all its lease records forever until the end of time is just unreasonable and unnecessary and doesn't protect the State in any way. We have also been advised by staff that their policy is not to require that the records be retained after an audit. However, they have refused to add the above requested language.

Hypatia "Patia" G. LaCour, Registered Landman, Notary Public

Hyland Abstracting, LLC ☎ (225) 937-3445 ☎ patia@hylandabstracting.com
Visit <http://www.hylandabstracting.com/>

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K-EXPLORATION CO.

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Robert A. Schroeder, CPL
President
rob@kexploration.com

Physical Address:
151 Brookside Drive
Mandeville, LA 70471-3201

April 1, 2016

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

Attention: Stacy Talley

via email only: Stacey.Talley@LA.GOV

Dear Board Members:

I have reviewed Cynthia Nicholson, Peck Hayne and Tommy Smart's memorandum dated April 6, 2016, regarding Articles 4(D) and 10(A) of the Office of Mineral Resources' March 16, 2016, draft of the proposed State Lease form. As a Certified Petroleum Landman with over 40 years in the business, I encourage the Board to adopt the recommendations set forth in the Nicholson/Hayne/Smart memorandum. Having acquired thousands of leases in behalf of hundreds of clients over the years, I am satisfied that Nicholson, Hayne and Smart's recommendations achieve the balance necessary to serve both the industry and the State of Louisiana.

Respectfully,

Robert A. Schroeder

Robert A. Schroeder

RAS:ksb

cc.: Suzanne Hyatt (OMR)
Cynthia A. Nicholson (Gordon Arata)
C. Peck Hayne, Jr. (Gordon Arata)
Tommy Smart (Onebane Law Firm)

via email only: Suzanne.Hyatt@LA.GOV
via email only: CNicholson@gordonarata.com
via email only: PHayne@gordonarata.com
via email only: smartt@onebane.com



April 8, 2016

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

Ladies and Gentlemen:

LLOX, L.L.C. is an active operator in the State of Louisiana and our subsidiary, LLOLA, L.L.C. is an owner State Leases. Our representative, Cypress Energy Corporation, recently acquired 8 State Leases on our behalf at the February 2016 State Lease Sale at a total cost of approximately \$274,000.00 including the add-on fees. We will most likely drill four (4) wells on Louisiana State Leases this year.

We have reviewed the Memorandum to the Office of Mineral Resources dated April 6, 2016 from Cynthia Nicholson, Peck Hayne and Tommy Smart concerning the proposed State Lease form. We strongly urge the Louisiana State Mineral and Energy Board to follow the recommendations contained in this Memorandum. The proposed lease form has come a long way since the first draft and we appreciate the State's willingness to consider input from industry and concerned parties; however, these last two (2) items are very important. Without the recommended change regarding assignments, former lease owners will be unfairly responsible for actions taken by others after their divestment of interest. As to the other matter, it sure seems like a six (6) year retention policy, like the related federal requirement, should be sufficient.

Should you wish to discuss this matter, please feel free to contact the undersigned at davids@llox.com or 985.276.5219.

Sincerely,



David A. Seay, Landman

cc: Suzanne Hyatt, OMR

Cynthia A Nicholson

1001 Ochsner Blvd., Suite A • Covington, LA 70433
Office (985) 276-5700 • LLOX.com



LOGA

LOUISIANA OIL & GAS ASSOCIATION

DON G. BRIGGS, *President*

April 7, 2015

State Energy and Mineral Board
LaSalle Building, 8th Floor
617 N. Third Street
Baton Rouge, LA 70802
Attention: The Board

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

Dear Board Members:

On behalf of LOGA, this is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed State Lease Form. LOGA strongly supports the recommendations contained in the Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, LOGA also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to our membership and to industry.

Sincerely,

Don G. Briggs
President

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2016 APR 11 PM 12:34

LOGA is Louisiana's Oil & Gas Industry

PO BOX 4069

BATON ROUGE, LA 70821-4069

225.388.9525

800.443.1433

FAX:225.388.9561

Louisiana Delta Oil Company LLC

Ph. 512-428-6224
Fax. 512-428-6524
www.ladeltaoil.com

2303 Ranch Road South,
Suite 135
Austin, Texas 78734

April 7, 2016

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

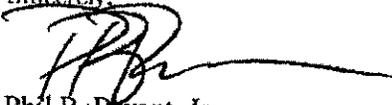
Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Louisiana Delta Oil Company LLC strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Louisiana Delta Oil Company LLC also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,



Phil B. Bryant, Jr.
President

* Attached Memorandum



5000 Ambassador Caffery Parkway
Building 15A
Lafayette, LA 70508
(337) 988-9256 or (337) 988-9266 - fax

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Mack Energy Co. strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebaue Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Mack Energy Co. also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

Tim Ledet

Timothy Ledet

Date: April 8, 2016

* Attached Memorandum



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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of
OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Marlin Energy, LLC strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Marlin Energy, LLC also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,
Marlin Energy, LLC

A handwritten signature in black ink, appearing to read "F. Michael Lipari". The signature is written in a cursive, somewhat stylized font.

F. Michael Lipari, CPL
Land Manager

MKM & Associates, Inc.
PETROLEUM LAND SERVICES

President

Mark K. Miller
Mark.miller@mkmventuregroup.com

91 Settlers Trace Blvd., Bldg. 4
Lafayette, LA 70508
(337) 989-7200
(337) 989-7279 Fax

Mailing

P.O. Box 52928
Lafayette, LA 70505

April 7, 2016

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

Re: Proposed New Lease Form

Dear Ms. Hyatt:

In response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form, we again respectfully request that the following language be included in Article 4 of the Proposed New Lease Form:

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 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.

We understand that this language was in the versions of the lease form that the Staff recommended for adoption at the Mineral Board's meeting of February 10th and of January 2016. We also understand that this language was included in numerous prior drafts. For some unknown reason, it was deleted prior to the March Board meeting.

We respectfully oppose the following provision that was added to the Proposed New Lease Form after the March meeting as Article 4(D):

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OFFICE OF
MINERAL RESOURCES
STATE MINERAL BOARD

(D) An Assignment by Lessee, notwithstanding approval by Lessor, and regardless of any understanding, agreement, language or reference set forth in the Assignment instrument, and in accordance with the applicable provisions of The Mineral Code of the State of Louisiana, does not release nor relieve the assignor(s) from satisfying and complying with the terms, conditions, duties, responsibilities and/or obligations required by this Lease.

Mark K. Miller is an independent lease broker. As you know, a significant percentage of the leases granted by the State are originally issued to lease brokers who never undertake any operations on the lease. This service is an essential tool for assembling and marketing of oil and gas interests; because the development of an oil and gas prospect can render a particular area very valuable very quickly. Oil companies frequently need to maintain their anonymity while lease acreage is being obtained. Lease brokers, like Mark K. Miller, provide a critical role in the leasing of State acreage, which then leads to development which benefits the State. But that role would be severely jeopardized if the State could turn to an original lessee/lease broker (who never drills a single well) to satisfy future post assignment lease obligations (e.g., payment of royalties, plugging wells, penalties, liquidated damages). Under the language we request above, if a lease broker like Mark K. Miller bid upon and acquired a State lease and then assigned the lease to a client, if we did not undertake operations or otherwise accrue obligations, we would not be responsible for post assignment obligations. To the contrary, under the Staff's new proposed Article 4(D), MKM & Associates, Inc. arguably would remain responsible for satisfying and complying with all of the terms, conditions, duties, responsibilities and/or obligations post assignment for the life of the lease, even though it never undertook any operations.

We again urge the Board to include the above language in the Proposed New Lease Form and not to use the provision inserted after the March meeting.

Sincerely,



Mark K. Miller

President

MKM & Associates, Inc.

Petro-Hunt L.L.C.
1601 Elm St., Suite 3400
Dallas, Texas 75201
(214) 880-8434 Fax (214) 880-8400

April 8, 2016

State Energy and Mineral Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, LA 70802
Attention: The Board

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

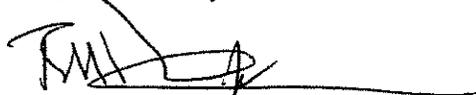
Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Petro-Hunt, L.L.C. strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Petro-Hunt, L.L.C. also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

PETRO-HUNT, L.L.C.



Robert M. Donohue Jr.
Vice President - Land

Attaches Memorandum



PetroQuest
ENERGY, L.L.C.

April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's
3/16 Draft

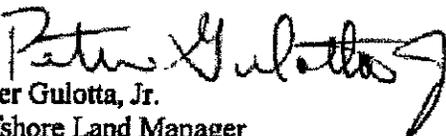
Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Peter Gulotta strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Peter Gulotta also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

PETROQUEST ENERGY, L.L.C.


Peter Gulotta, Jr.
Offshore Land Manager

PG

* Attached Memorandum



PetroQuest
ENERGY, L.L.C.

April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's
3/16 Draft

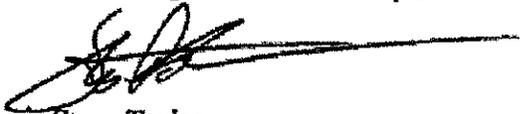
Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Steve Taylor strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Steve Taylor also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

PETROQUEST ENERGY, L.L.C.


Steve Taylor
Senior Staff Landman

ST

* Attached Memorandum



THE PROFESSIONAL LANDMEN'S ASSOCIATION OF NEW ORLEANS

P.O. Box 51123

New Orleans, Louisiana 70151-1123

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Shell Exploration & Production Company
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New Orleans, LA 70139
504-425-4055/Fax 504-425-0399

Nadège A. Assalé

Stattery, Marino & Roberts
1100 Poydras Street, Suite 1800
New Orleans, LA 70163-1800
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Ronald G. Bourgeois, Jr.

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407 C.C. Road
Franklinton, LA 70438-8521
504-569-3149/Fax 504-715-3396

Dana E. Dupre

Shell Oil Company
701 Poydras Street, OSS 3382
New Orleans, LA 70139
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Jason C. Elmore

Freeport-McMoRan Oil & Gas LLC
1615 Poydras Street
New Orleans, LA 70112-1254
504-582-4087/Fax 504-582-4155

Randy J. Sutton

Independent
1147 E. William David Parkway
Metairie, LA 70005
504-833-5462

PLANO Auxiliary President

Jo Ann P. Anderson
Harold J. Anderson, Inc.
381 Highway 21, Suite 205
Madisonville, LA 70447
504-276-5858/Fax 985-845-7548

AAPL Director

Brandt J. Prat
ANKOR Energy LLC
1615 Poydras Street, Suite 1100
New Orleans, LA 70112
504-596-3668/Fax 504-596-3762

Immediate Past President

John J. Seip
Freeport-McMoRan Oil & Gas LLC
1615 Poydras Street
New Orleans, LA 70112-1254
504-582-4314/Fax 504-582-4585

PLANO Administrator

Margaret ("Margo") Cameron
Independent
532 Crossgates Boulevard
Slidell, LA 70461-8916
985-640-0352

April 11, 2016

To: State Mineral and Energy Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, LA 70802

From: Board of Directors of the Professional Landmen's Association of New Orleans (PLANO)

Re: April 6, 2016, Memorandum from Cynthia Nicholson and Peck Hayne with Gordon, Arata, McCollam, Duplantis & Eagan, LLC
OMR's 3/16 draft of proposed State Lease form

Ladies and Gentlemen:

I am writing this letter as President of the Professional Landmen's Association of New Orleans (PLANO), on behalf of its Board of Directors and nearly 500 active members. PLANO is an organization comprised of individuals whose livelihoods are, in many respects, contingent upon the state of Oil & Gas Leasing activity in Louisiana. As such, PLANO is very sensitive to matters that potentially hinder further lease acquisition and development in our region. It is with this sensitivity that PLANO expresses its support of the attached Memorandum dated April 6, 2016, sent to your office by Cynthia Nicholson and Peck Hayne with Gordon, Arata, McCollam, Duplantis & Eagan, LLC and Onebane Law Firm concerning the Office of Mineral Resources' proposed March 16, 2016, draft of the State of Louisiana Lease form. The Memorandum identifies several issues that PLANO feels will negatively influence State Lease nominations and acquisition in the years to come and includes recommendations, which PLANO supports, to amicably resolve these issues.

Your time and attention in this matter is very much appreciated.

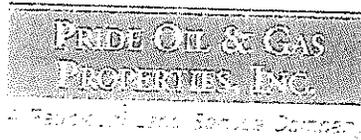
Very truly yours,

Ryan G. Schneider
PLANO President

Enclosure

2016 APR 15 PM 12:34
STATE MINERAL AND ENERGY BOARD
Baton Rouge, Louisiana

* Attached Memorandum



April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of
OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Pride Oil & Gas Properties, Inc. strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Pride Oil & Gas Properties, Inc. also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records. Both of these issues are very important to us and others in our industry.

Sincerely,

Pride Oil & Gas Properties, Inc.

A handwritten signature in black ink, appearing to read "T. P. Mouton", is written over a horizontal line.

Thomas P. Mouton, President

* attached Memorandum



April 11, 2016

State Energy and Mineral Board
LaSalle Building, 8th Floor
617 N. Third Street
Baton Rouge, LA 70802
Attention: The Board

Dear Board Members:

Renaissance Offshore, LLC ("Renaissance") is an industry participant, being a small independent oil and gas producer in Houston, Texas with leasehold interest in the State of Louisiana.

In response to Resolution No. 16-03-008 adopted by the State Mineral and Energy Board (the "Board") on March 9, 2016, Renaissance Offshore, LLC hereby ratifies the attached comments to **Articles 4(D) and 10(A)** of OMR's 3/16 draft of the proposed State Lease form from Cynthia Nicholson and Peck Hayne with Gordon, Arata, McCollam, Duplantis & Eagan, LLC and Tommy Smart with the Onebane Law Firm dated April 6, 2016.

In addition, the following provisions are of considerable concern to Renaissance:

- 1) **Articles 15 FINANCIAL SECURITY**, containing detailed provisions for the lessee to provide further financial security for plugging and abandonment and associated site restoration;
- 2) **Article 16 GENERAL LIABILITY INSURANCE**, containing detailed provisions for the lessee to maintain liability insurance naming the State as an additional insured, and imposing damages of \$100/day for not complying with these provisions; and
- 3) **Article 10 AUDIT RIGHTS**, whereby the State does not limit the maintenance of any and all records relative to its calculation and payment of royalties to a set time period, which Renaissance would recommend as six years, being the relevant federal requirement. Otherwise, this puts an undue burden on the lessee which will be problematic for all during the life of the lease.

We sincerely hope that the Board takes these comments into consideration, and that the New Lease Form will better serve and encourage prospective leaseholders to take advantage of the opportunity to lease state acreage for mineral exploration and production within the great state of Louisiana.

Sincerely,

RENAISSANCE OFFSHORE, LCC

A handwritten signature in black ink, appearing to read 'Michael J. Koenig'.

Michael J. Koenig

Vice President, Land and Business Development

** Attached Memorandum*

Ric Bajon & Associates, L.L.C.

OFF. 225/756-5600
FAX. 225/756-2056

14635 S. Harrell's Ferry Rd., Ste. 6-A
Baton Rouge, LA 70816

April 11, 2016

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

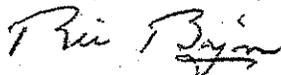
Attention: The Board

Dear Board Members:

I am an independent professional landman in Baton Rouge. For the last thirty-five years, I have represented both major and independent oil and gas companies regarding State Leases in Louisiana.

I have kept up with communication regarding the State's suggested changes to the Lease form. Last month, I attended the State Lease sale thinking there would be discussions on this issue. I have met and spoken with Cynthia Nicholson, Peck Hayne and Tommy Smart. I endorse their Memorandum (attached) of April 6, 2016, and I ask you to consider strongly their recommendation.

Sincerely,



Ric Bajon
Ric Bajon & Associates, L.L.C.

* Attached Memorandum

STOKES



SPIEHLER

April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's
3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Stokes and Spiehler strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Stokes and Spiehler also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bruce M. Jordan'.

Bruce M. Jordan, P.E.

110 Rue Jean Lafitte
Suite 100
Lafayette, LA 70508
337•233•6871
337•233•7198 Fax

9720 Cypresswood Dr.
Suite 160
Houston, TX 77070
281•444•8395
281•444•8681 Fax

14579 Berklee Dr.
Suite 600
Addision, TX 75001
214•561•8751 Office
214•561•8745 Fax

* Attached Memorandum

S. Paul Provenza

Energy Permitting & Regulatory Services

4521 Jamestown Ave, Suite 14
Baton Rouge, LA 70808-3234
Mailing Address:
PO Box 80672, 70898-0672

225-925-9658 Office
225-772-2554 Cell
Email address:
paulpro@bellsouth.net

April 8, 2016

OFFICE OF MINERAL RESOURCES

LA Department of Natural Resources
PO Box 2827
Baton Rouge, LA 70821-2827

Via Email (PDF) Only

Re: Proposed Louisiana State Lease Form
SMEB Resolution No. 16-03-008

Dear Sir or Madam:

As a 36 year petroleum industry veteran who has attended every Louisiana State Lease Sale at the monthly meeting of the State Mineral & Energy Board since 1995 (with the exception of 2), I fully adopt the following described Memorandum:

To: Office of Mineral Resources
cc: State Mineral and Energy Board
From: Cynthia Nicholson & Peck Hayne
(Gordon, Arata, McCollam, Duplantis & Eagan,
LLC) and Tommy Smart (Onebane Law Firm)
Date: April 6, 2016
Re: Comments to Articles 4(D) and 10(A) of OMR's
3/16 draft of proposed State Lease form

While it is common belief within the industry that the proposed form will diminish prospecting activity within this state (which I completely agree with), it is my further belief that even during "boom times" the proposed form will entice operators to simply avoid the state lease leasing procedure entirely and carry the state as an unleased owner with regards to small acreage (<5 ac), thereby making the proposed lease form counter productive.

Thank you for your consideration.

Sincerely:



S. Paul Provenza

SPP/ms
Enclosures: None
cc: File



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

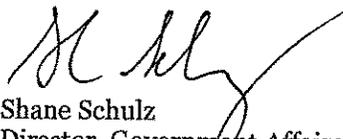
Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. QEP Resources, Inc. strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, QEP Resources, Inc. also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,



Shane Schulz
Director, Government Affairs
QEP Resources, Inc.

OFFICE OF
STATE DIRECTOR
STATE ENERGY BOARD
2016 APR 19 PM 1:06



Shiloh Creek Resources, Inc.

4150-C Old Sterlington Rd.
Monroe, La. 71203
Phone: 318-345-345-0
Fax: 318-345-4937

April 7, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Shiloh Creek Resources strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Shiloh Creek Resources also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

* Attached Memorandum



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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

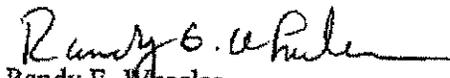
Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Shoreline Southeast LLC and Shoreline Offshore LLC strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Shoreline Southeast LLC and Shoreline Offshore LLC also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Best regards,

Shoreline Southeast LLC
Shoreline Offshore LLC


Randy E. Wheeler
Vice President

rew041601 St of LA Energy Board.L

* Attached Memorandum



April 7, 2016

State Energy and Mineral Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, LA 70802
Attention: The Board

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

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Shoreline Energy LLC strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Shoreline also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

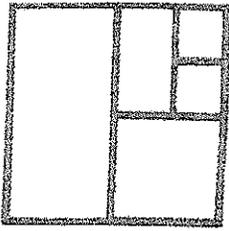
Both of these issues are very important to us and others in our industry.

Sincerely,

SHORELINE ENERGY LLC

A handwritten signature in black ink, appearing to read "Scott A. Hess".

Scott A. Hess
Land Manager



Square Mile Energy, L.L.C.

March 19, 2015

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Square Mile Energy, L.L.C. ("Square Mile") strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Square Mile also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Respectfully,

SQUARE MILE ENERGY, L.L.C.

Connie C. Noble, CPL
Vice President Land

5847 San Felipe, Suite 2940 • Houston, Texas 77057-3010
Phone (713) 266-3685 • Fax (713) 266-3639

* Attached Memorandum

Standard Operating Company, LLC

110 RUE JEAN LAFITTE STE. 100
P.O. Box 51353
LAFAYETTE, LA 70505
PHONE 337.261.6930 | FAX 337.233.7198

April 8, 2016

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

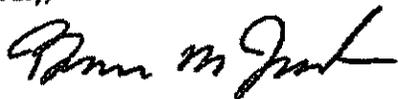
Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's
3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Standard Operating Company, LLC strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Standard Operating Company, LLC also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,



Bruce M. Jordan, P.E.

* Attached Memorandum



E. J. LOUVIERE
Senior Vice President of Land

P.O. Box 52807
Lafayette, Louisiana 70505
625 East Kaliste Saloom Road
Lafayette, Louisiana 70508
Telephone: (337) 237-0410
Fax: (337) 521-0296

April 11, 2016

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

Attention: The Board

Dear Board Members:

Stone Energy Corporation ("Stone") has been following the re-drafting of a new lease form for the State of Louisiana with great interest. We value the relationship that our industry and, in particular our company, has had over the many years with our State Lessor, the Mineral Board. The complex nature of our symbiotic relationship has never been more critical. Generally, we favor improving and modernizing the State Lease Form, to make it better for both Lessor and Lessee. Unfortunately, this latest effort to "better serve and encourage" prospective lessees appears to miss its intended purpose.

Stone wholeheartedly supports and strongly requests that the Board adopt the recommendations proposed in the attached Memorandum, dated April 6, 2016, to the Office of Mineral Resources prepared by Cynthia Nicholson, Peck Hayne and Tommy Smart, attorney's with the respective law firms of Gordon, Arata, McCollam, Duplantis & Eagan, LLC and the Onebane Law Firm.

Your favorable consideration of the items addressed in the Memorandum, would be greatly appreciated.

Sincerely,


E.J. Louviere
Senior Vice President of Land


Attachment

* Attached Memorandum



DAVID H. WELCH
Chairman, President and
Chief Executive Officer

P.O. Box 52807
Lafayette, Louisiana 70505
625 East Kaliste Saloom Road
Lafayette, Louisiana 70508
Telephone: (337) 237-5410
Fax: (337) 571-2372
Email: Welch.DH@stoneenergy.com

April 8 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Stone Energy Corporation strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Stone Energy Corporation also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry

Sincerely,

David H. Welch
Chairman, President & CEO

* Attached Memorandum



April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Swift Energy Operating, LLC strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Swift Energy Operating, LLC also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Clinton Helmke'.

Clinton Helmke
Senior E&P Counsel



April 8, 2016

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

Attention: The Board

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

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Swift Energy Operating, LLC strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Swift Energy Operating, LLC also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Creger'.

Steve Creger, CPL
Land Manager

* Attached Memorandum



April 7, 2016

Sent via Email

State Energy and Mineral Board
617 N. Third Street, 8th Floor
Baton Rouge, LA 70802
Attn: State Mineral and Energy Board

RE: Comments to Articles 4(D) and 10(A) of OMR's 3/16 draft of proposed State Lease Form

To whom it may concern:

It was recently brought to our company's attention that Cynthia Nicholson and Peck Hayne from the Gordon, Arata, McCollam, Duplantis & Egan, LLC law firm penned the attached memorandum in response to the State Mineral Board's Resolution No. 16-03-008 regarding the 3/16 Draft of the proposed State Lease Form. We believe that the proposed language in question will make leasing from the State far less marketable and commercial, and thus have a detrimental impact on those companies who currently operate in state-owned waterbottoms, and will effectively stifle future mineral leasing, exploration and production activity.

Our company agrees with the suggestions in the memorandum, and we strongly urge the State Mineral Board to carefully reconsider the language in Articles 4(D) and 10(A) of the proposed State Lease form. If the 3/16 Draft language is incorporated into a future lease form it will cause our company to seriously consider its ability to operate in the state-owned waterbottoms in the future.

We appreciate your time and the consideration on the matter.

Sincerely,



James B. Gibson
Director, Land & Legal

Enclosures/

* Attached Memorandum

March 8, 2016

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

Re: Comments on new proposed State
lease form

Ladies and Gentleman:

As the president of Theophilus Oil, Gas & Land Services, LLC, I submit this request for the State Mineral and Energy Board's new form of State lease 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 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.

This is same provision that the OMR Staff recommended at the Mineral Board's meetings of January 13, 2016 and February 10, 2016, both of which I attended.

As you know, my company and similar land services companies regularly obtain State leases for innumerable clients. The need for confidentiality in developing oil and gas prospects makes these services a crucial element for helping develop State lands and thus for generating revenues for the State. My company does not obtain State leases to develop on its behalf, but instead does so with the express understanding that it will promptly be assigning the leases before any lease operations or activities are undertaken. My company is simply not in a position to be able to satisfy any payment, operational, insurance or other obligations that apply once operations on a lease are begun. Thus, companies like mine may seriously have to consider whether to cease providing these important functions for their clients and the State if they face even the potential for responsibility for the many new obligations under the proposed new lease form. Although the Mineral Board and OMR Staff have (so far as far as I know) not sought to make an initial lessee-broker responsible if some later assignee does not satisfy some lease obligations, that may not always be the case in the future, unless this guarantee is actually set forth in writing the new lease form itself.

From my years of experience both with the State itself and then representing clients with leases from the State, this proposed language actually is in the State's best interests in the long run. If this language is not included in the new lease form, then new State leases will be must

March 8, 2016

less valuable to the State because new State leases will be less marketable, commercial and of interest to oil companies. No one wants to be responsible for some else's unsatisfied obligations; assignors of a State mineral lease (while they should remain responsible for seeing that wells they drilled are ultimately plugged and abandoned) do not want to be responsible for new wells that a direct or indirect assignee might drill. Thus, if this proposed language is not included in the new lease form, companies will be much less inclined to develop or operate new State leases; instead, they will spend their money elsewhere and thus end up not paying royalties to the State.

In sum, both for companies like mine, for oil companies trying to operate in Louisiana and ultimately also for the State and its citizens, I urge the Mineral Board to include this provision above in whatever new lease form is adopted.

Sincerely yours,



Pat Thophilus, Owner/President
Theophilus Oil, Gas & Land Services, LLC

cc.: Stacy Talley, OMR
Suzanne Hyatt, OMR
Cynthia A. Nicholson, Gordon Arata
C. Peck Hayne Jr., Gordon Arata

TMR
Exploration, Inc.

P.O. Box 5625
Bossier City, Louisiana 71171-5625

Phone 318/746-3616
Fax 318/746-8218

April 8, 2016

State Energy and Mineral Board
Lafayette Building, 8th Floor
617 N. Third Street
Baton Rouge, Louisiana 70802

Attn: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. TMR Exploration, Inc. strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, TMR Exploration, Inc. also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,



Raymond J. Lasseigne
President

* Attached Memorandum

TOCE ENERGY, L.L.C.

April 11, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Toce Energy strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Toce Energy also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,



Victor Toce
Toce Energy, L.L.C.

** Attached Memorandum*



Texas Petroleum Investment Company

5850 San Felipe
Suite 250
Houston, Texas 77057

STATE ENERGY AND MINERAL RESOURCES
STATE CONTROL BOARD
2016 APR 18 PM 1:05

State Energy and Mineral Board
Lasalle Building, 8th Floor
617 N. Third Street
Baton Rouge, Louisiana 70802

April 11, 2016

Attention: The Board

Dear Board Members:

Attached you will find a memo from Ms. Cynthia Nicholson and Peck Hayne which represents the view of Texas Petroleum Investment Company ("TPIC") relative to the proposed state lease form. As an operator and producer in Louisiana, we believe the new lease form will create an undo burden on current and potential energy companies trying to operate on state lands. We hope you will strongly consider the comments set forth in the attached memorandum and amend the lease form accordingly.

Respectfully Submitted,

Texas Petroleum Investment Company

Steve Sandlin
Land Manager

*Attached Memorandum



7 April 2016

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

Re: The Board Re: Proposed State Lease Form
Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Upstream Exploration LLC strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Upstream Exploration LLC also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael J. Willis".

Michael J. Willis
President

** Attached Memorandum*

Three Lakeway Center, Suite 2800 - 3838 North Causeway Boulevard Metairie, LA 70002 504-832-3750



7 April 2016

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

Re: The Board Re: Proposed State Lease Form
Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Upstream Exploration LLC strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Upstream Exploration LLC also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paige D. Lee", with a long horizontal flourish extending to the right.

Paige D. Lee, CPL
Land Manager

Three Lakeway Center, Suite 2800 - 3838 North Causeway Boulevard Metairie, LA 70002 504-832-3750

* Attached Memorandum



April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's
3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Wellsite Fishing & Rental Services, llc strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Wellsite Fishing & Rental Services, llc also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

A handwritten signature in cursive script that reads "Blair Faucheaux".

Blair Faucheaux
Vice President, Finance
bfaucheaux@wellsitefr.com



April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's 3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Wellsite Fishing & Rental Services, llc strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Wellsite Fishing & Rental Services, llc also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

A handwritten signature in black ink that reads "JRoger".

Jessica Roger
Chief Administrative Officer
jroger@wellsitefr.com



April 8, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's
3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Wellsite Fishing & Rental Services, llc strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Wellsite Fishing & Rental Services, llc also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,

A handwritten signature in black ink that reads "Kirby Arceneaux". The signature is written in a cursive style.

Kirby Arceneaux
Chairman & CEO
karceneaux@wellsitefr.com



April 7, 2016

State of Louisiana
Office of Mineral Resources
617 N 3rd St #8
Baton Rouge, LA 70802

Re: Proposed Changes to State of Louisiana Lease Form

Dear Ladies and Gentlemen:

White Marlin Oil and Gas Company ("WM") understands the State of Louisiana is in the process of revising their lease form. We are concerned about some of the language/changes proposed by the State and wish to comment.

WM is both an operator and non-operator in various oil and gas assets in South Louisiana. Key WM personnel have collectively over 200 years of experience in South Louisiana operations and we have been participants in many transactions and development of prospects and assets involving State of Louisiana oil and gas leases. This has included transactions where we have been the assignee or assignor of state leases, or nominating state acreage to acquire for a new prospect. As a recent example, we have been involved with Shoreline at Leeville Field since the spring of 2015, and development there involves state acreage.

WM has a long standing relationship with Gordon, Arata, McCollam, Duplantis & Eagan, LLC ("GA"). GA counseled WM on various matters in the acquisition of Dune Energy Inc. assets last year – a number of those assets involved the assignment of State of Louisiana leases. The firm has written a Memo dated April 6, 2016 (copy attached), regarding "Comments to Articles 4(D) and 10 (A) of OMR's 3/16 draft of proposed State Lease form" (the "Memo").

WM wishes to express its whole hearted agreement with the concerns expressed in the Memo by GA. We respectfully request that you carefully consider what GA has laid before you as you look to change the state lease form. The state has asked for public comments to its proposed changes. We fully support the comments of GA as expressed in the Memo.

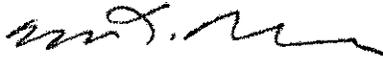
Please don't hesitate to contact WM with any questions or concerns.

Thank you.

White Marlin Oil and Gas Company, LLC
15990 N. Barkers Landing, Suite 350, Houston, Texas 77079
Phone: 713-595-3600 • Fax: 713-840-0135

Respectfully,

White Marlin Oil and Gas Company, LLC



Charles E. D. Robinson, CPL
Land Manager

Attachment

Cc.: State Mineral and Energy Board

White Marlin Oil and Gas Company, LLC
15990 N. Barkers Landing, Suite 350, Houston, Texas 77079
Phone: 713-595-3600 • Fax: 713-840-0135



OFFICE OF
MINERAL RESOURCES
STATE LEGAL BOARD

2016 APR 15 PM 12: 22

April 11, 2016

Louisiana Office of Mineral Resources
P. O. Box 2827
Baton Rouge, Louisiana 71201
Attention: Mr. Rick Heck

BY EMAIL: OMR@LA.GOV
BY FAX: (225)242-3471
BY: Regular Mail

Re: Proposed New Louisiana State Lease Form (2016)

Dear Mr. Heck,

XTO Energy Inc. ("XTO") appreciates the opportunity to submit comments to the Louisiana Office of Mineral Resources concerning the proposed changes to the State lease form, which is under consideration by your office (the "2016 Lease").

XTO has a long and positive history of working with the Louisiana Department of Natural Resources and values that relationship. However, XTO has concerns regarding the 2016 Lease, which we trust you will consider in your deliberations and revisions of the 2016 Lease and which are outlined in following:

- (1) Definition of Paying Quantities: "Production in paying quantities" is a term of art, which implicates established case law, as codified in Louisiana Mineral Code articles 124 and 125. It is submitted that the addition of "serious or adequate" interjects subjectivity and uncertainty into an established area of law and should be avoided. Further, it must currently be shown that a "reasonably prudent operator would, for the purpose of making a profit and not merely for speculation, continue to operate a well in the manner in which the well in question was operated." See Clifton v. Koontz, 325 S.W.2d 684 (1959), as cited in the Comments to Mineral Code article 124.
- (2) Article 7 (Offset): In the event the presumption of drainage applies, Lessee should have the explicit option of releasing the subject acreage in lieu of drilling obligations or payment of the estimated royalty damages.
- (3) Article 9 (Royalty): This proposal makes royalty administration more difficult and uncertain (*e.g.*, the listing of multiple indices, a reference to a "new method of Fair Market Value," valuating "line loss," and the interaction of these provisions with gas gathering and processing).

Louisiana Office of Mineral Resources
Mr. Rick Heck
Page 2

- (4) Article 19 (Removal of Equipment): The second paragraph in this Article appears to be written in an overly restrictive manner. From an economic and operational perspective it may be advantageous and useful for operators to remove certain equipment and facilities prior to plugging the well, using elsewhere on the lease, etc.
- (5) Article 25 (Conflict): This Article appears to be overbroad with respect to the 2016 Lease's conflict with future laws or regulations. Although there are of course stand-alone environmental regulations, which are separate and apart from a typical mineral lease, the lease is nonetheless the controlling contract between the parties and should not be directly contravened or amended by subsequent laws. Providing that the "Lessee shall not use this Lease . . . to circumvent any obligation which may be imposed on Lessee" appears to represent circular reasoning. Further, such a provision may give rise to Constitutional concerns regarding vested contractual rights (e.g. the successor statute may represent a substantive change or be much larger in scope). It is also respectfully submitted that, in certain appropriate circumstances, this language is implied and unnecessary.

XTO appreciates you taking the time to consider these comments. If you have any questions or concerns, please do not hesitate to contact us.

You may contact the undersigned at (817)885-2796 if you have any questions.

Very truly yours,
XTO Energy Inc.



Robert L. Muth
Senior Counsel

cc: Mr. Brad Russell - XTO Energy Inc.



April 7, 2016

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

Attention: The Board Re: Proposed State Lease Form Articles 4(D) and 10(A) of OMR's
3/16 Draft

Dear Board Members:

This is in response to the Board's Resolution # 16-03-008, soliciting industry comment regarding the Proposed New Lease Form. Zachry Exploration strongly supports the recommendations contained in the attached Memorandum, dated April 6, 2016, from Cynthia Nicholson and Peck Hayne, with the Gordon Arata Law Firm, and Tommy Smart with the Onebane Law Firm, regarding post assignment liability and audit records retention. With respect to audit records retention, Zachry Exploration also requests that the Board set a time period (e.g., 5 or 6 years) for retention of records.

Both of these issues are very important to us and others in our industry.

Sincerely,
ZACHRY EXPLORATION, LLC

Susan Goade
Vice-President

Zachry Exploration, LLC
300 Convent Street, Suite 2800
San Antonio, TX 78205

* Attached Memorandum