

LOUISIANA STATE  
MINERAL & ENERGY  
BOARD



POLICY  
RESOLUTIONS

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Discontinue including the full text of Dept. of Wildlife and Fisheries regulations in advertising of such tracts under their jurisdiction in order to reduce excessive advertising costs, etc.	14-Apr-99	8
Continuation of moratorium (without limitation) on leasing in Lake Pontchartrain	14-Jun-00	52
Clarification of the Board's policy, presently and historically, with respect to a deduction of cost of transporting gas from the well to an off-lease sales delivery point	13-Dec-00	105
Board Secretary and any designated staff member are hereby authorized on behalf of Board to waive Dept. of Conservation Statewide Order No. 29-E spacing requirements	11-Dec-02	82
Board Secretary and staff member designee authorized to grant permission to lessees who have drilled a well on or affecting leases for which unitization is proposed... to deposit any royalty due the state into an interest bearing account	11-Dec-02	44
Reasonable time period to notify Board of force majeure conditions	9-Jul-03	48
Authorization for Chairman, Vice-Chairman or Secretary of the Board to execute state leases	14-Jul-04	4
Board grants staff authority to negotiate, draft and advertise force majeure amendments w/out prior approval from Board	13-Oct-04	49
Revised meeting schedule	10-Aug-05	5
Policy adopted to clarify and facilitate the operation of force majeure in maintaining state mineral leases	10-Aug-05	68
Liquidated damage assessment levied against lessees for not being registered with the Office of Mineral Resources - interpretation thereof	8-Mar-06	69
Set date of November 9, 2005 as the date beyond which no bids for lease will be accepted unless entity registered with OMR and Secretary of State	8-Mar-06	18
Mandate that any amendment of any state lease for any reason also contain certain language in the lease if the lease does not already contain Force Majeure provisions	11-Oct-06	70
Payment of royalties and recoupments or adjustments that amount to \$25,000.00 or less - Director of Mineral Income or designee is authorized by Board to allow adjustments	11-Apr-07	84
Pertains to tracts bid upon for which the bids are rejected due to insufficient consideration	9-May-07	9
Penalty waiver protocol used by staff for late payment of royalty and audit billings	12-Mar-08	85

Authorizes the staff to re-advertise with no time period involved tracts rejected for insufficient consideration	14-Jan-09	71
Final approval by Board of the proposed amendments to LAC 43:901 (Application for Leasing) & 903 (Awarded Leases) to provide for notice to surface rights owners on property for which the state owns the mineral rights and awards a mineral lease on said property	8-Apr-09	72
Revised and final criteria for waiver of liquidated damages for the late release of a state mineral lease (supersedes 4-8-2009 resolution)	13-May-09	73
Bankruptcy laws and procedures to be complied with when OMR/Mineral Income Division is engaging in an audit during a bankruptcy	12-Aug-09	74
Authorizes the Office of Mineral Resources to enter into a Cooperative Endeavor Agreement with the Department of Wildlife and Fisheries in order to administer and manage all their existing and future mineral leases	9-Sep-09	55
Grants the Attorney General's office the authority to turn down third party offers to purchase claims in Bankruptcy Court	14-Oct-09	75
Allows lessee of a lease in the Haynesville Shale on which a well drilled to the Haynesville Shale structure, to qualify said well without the necessity of a well test only when there is a lack of infrastructure (flow lines) necessary to flow gas to conduct a test well	10-Mar-10	106

### Lease Forms

Board rejection of certain lease amendments by State lessees - drilling operation and offset obligations	11-Apr-57	103
Minimum spacing regarding development	18-Feb-60	38
Lessee-Agent Division Order adopted - oil	13-May-65	22
Chairman authorized to execute Document IV instruments	14-Apr-66	14
Lessee-Agent Division Order adopted - gas	8-Sep-66	25
1966 Lease Form adopted for State Agency lands	13-Oct-66	56
Mineral Board shall look with disfavor on any lease not including rider	11-Apr-73	99
Condition of force majeure (flood questionnaire attached)	9-May-73	46
Revised, revised Gas Rider	9-Jan-74	100
New language adopted to be added to all future Assignments	11-Sep-74	34
Clause for use in connection with any leases awarded beginning on January 1, 1975	9-Oct-74	57
Important Notice regarding the 1966 Lease form and related rider	30-Jul-75	102
Regards Paragraph 7(c) of the lease form - liquidated damages accruing for failure to timely submit partial or full releases within a 30-day period	19-Feb-90	77
Language adopted to amend paragraph 12 of the state lease form	13-Oct-93	94
The sentence "If such right of salvage is not timely exercised, then the same shall be forfeited and said casing shall become the property of Lessor" which is contained in paragraph 12 of the 1981 state lease form be removed from form effective with the 6/8/94 leases awarded	8-Jun-94	58
Addition of new language in 1981 state lease form as it pertains to seismic permittees and coastal management projects	12-Apr-95	59
Request the Louisiana congressional delegation to secure an amendment to Section 365 of Title 11 of the United States Code to clearly state that oil and gas leases and operating agreements issued by a state government for state owned property shall be considered executory contracts and leases of nonresidential real property	10-Jun-98	78
Clarification of the Board's policy, presently and historically, with respect to a deduction of cost of transporting gas from the well to an off-lease sales delivery point	13-Dec-00	105
Policy adopted to clarify and facilitate the operation of force majeure in maintaining state mineral leases	10-Aug-05	68
Mandate that any amendment of any state lease for any reason also contain certain language in the lease if the lease does not already contain Force Majeure provisions	11-Oct-06	70
Final approval by Board of the proposed amendments to LAC 43:901 (Application for Leasing) & 903 (Awarded Leases) to provide for notice to surface rights owners on property for which the state owns the mineral rights and awards a mineral lease on said property	8-Apr-09	72

Revised and final criteria for waiver of liquidated damages for the late release of a state mineral lease (supersedes 4-8-2009 resolution)	13-May-09	73
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**Legal and Title Controversy**

Deadline for receipt of protests - protest requirements	19-Jun-56	60
Recoupment - lease in title controversy	20-Jun-63	61
Minimum audit standards - plant products	9-Dec-70	62

Policy adopted to clarify and facilitate the operation of force majeure in maintaining state mineral leases	10-Aug-05	68
Liquidated damage assessment levied against lessees for not being registered with the Office of Mineral Resources - interpretation thereof	8-Mar-06	69

Mandate that any amendment of any state lease for any reason also contain certain language in the lease if the lease does not already contain Force Majeure provisions	11-Oct-06	70
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Authorizes the staff to re-advertise with no time period involved tracts rejected for insufficient consideration	14-Jan-09	71
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Final approval by Board of the proposed amendments to LAC 43:901 (Application for Leasing) & 903 (Awarded Leases) to provide for notice to surface rights owners on property for which the state owns the mineral rights and awards a mineral lease on said property	8-Apr-09	72
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Revised and final criteria for waiver of liquidated damages for the late release of a state mineral lease (supersedes 4-8-2009 resolution)	13-May-09	73
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Bankruptcy laws and procedures to be complied with when OMR/Mineral Income Division is engaging in an audit during a bankruptcy	12-Aug-09	74
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Grants the Attorney General's office the authority to turn down third party offers to purchase claims in Bankruptcy Court	14-Oct-09	75
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**Liquidated Damage**

Proviso concerning Bank in Liquidation leases	11-Nov-56	76
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Regards Paragraph 7(c) of the lease form - liquidated damages accruing for failure to timely submit partial or full releases within a 30-day period	19-Feb-91	77
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Liquidated damage assessment levied against lessees for not being registered with the Office of Mineral Resources - interpretation thereof	8-Mar-06	69
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Penalty waiver protocol used by staff for late payment of royalty and audit billings	12-Mar-08	85
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Revised and final criteria for waiver of liquidated damages for the late release of a state mineral lease (supersedes 4-8-2009 resolution)	13-May-09	73
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**Litigation**

Payment of fees (Special Legal Counsel)	15-Jun-59	89
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Investment of idle court funds	14-Jan-65	90
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Minimum audit standards - plant products	9-Dec-70	62
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New language adopted to be added to all future Assignments	11-Sep-74	34
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New language adopted to be added to the standard docket resolution form as a condition of approval to any transfer concerning bankruptcy status of state lease interest owners or assignees	13-Jul-83	37
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F.E.R.C. Orders 94-A and 94-B (issued 1-24-83) – state's lessees to report to state any transactions which may increase the price of state royalty gas sold pursuant to any gas contracts	13-Dec-89	45
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Board reiterates its position regarding royalties due on gas contract settlements	8-Jul-92	43
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Lawsuits filed on behalf of the Board involving monetary amounts - counsel handling litigation on Board's behalf to refrain from setting forth any monetary amounts in pleadings filed therein	8-Jun-94	83
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Request the Louisiana congressional delegation to secure an amendment to Section 365 of Title 11 of the United States Code to clearly state that oil and gas leases and operating agreements issued by a state government for state owned property shall be considered executory contracts and leases of nonresidential real property	10-Jun-98	78
Payment of royalties and recoupments or adjustments that amount to \$25,000.00 or less - Director of Mineral Income or designee is authorized by Board to allow adjustments	11-Apr-07	84
Bankruptcy laws and procedures to be complied with when OMR/Mineral Income Division is engaging in an audit during a bankruptcy	12-Aug-09	74
Grants the Attorney General's office the authority to turn down third party offers to purchase claims in Bankruptcy Court	14-Oct-09	75
<b>Order 29-D</b>		
Commingling matters - staff may approve	12-Jan-66	79
Standards established for staff guidance in processing commingling proposals submitted to Board	11-Aug-71	80
<b>Order 29-E</b>		
Amend Dept. Of Conservation Statewide Order 29-E resolution dated April 11, 1973 to allow 180 days after the completion date of the well within which to form a reasonable unit	11-Feb-76	81
Board Secretary and any designated staff member are hereby authorized on behalf of Board to waive Dept. of Conservation Statewide Order No. 29-E spacing requirements	11-Dec-02	82
<b>Penalties</b>		
Board reiterates its position regarding royalties due on gas contract settlements	8-Jul-92	43
Lawsuits filed on behalf of the Board involving monetary amounts - counsel handling litigation on Board's behalf to refrain from setting forth any monetary amounts in pleadings filed therein	8-Jun-94	83
Payment of royalties and recoupments or adjustments that amount to \$25,000.00 or less - Director of Mineral Income or designee is authorized by Board to allow adjustments	11-Apr-07	84
Penalty waiver protocol used by staff for late payment of royalty and audit billings	12-Mar-08	85
Revised and final criteria for waiver of liquidated damages for the late release of a state mineral lease (supersedes 4-8-2009 resolution)	13-May-09	73
<b>Personnel and/or Budget</b>		
Payment of fees (Special Legal Counsel)	15-Jun-59	89
Investment of idle court funds	14-Jan-65	90
Authority of Secretary regarding personnel (below Division Heads)	10-Mar-66	91
Expanding requirements for Verification of Commercial Productivity of non-producing leases to provide for establishing productivity of leases located in open or exposed waters greater than 50 feet in depth on basis of data obtained in expendable wells	12-May-76	11
Approves provision to be included on case-by-case basis affecting leases in Ascension Bay to permit lease maintenance by in-lieu royalty payment based on demonstrated oil or gas productivity of leases in <u>over</u> 50 feet of water	9-Jun-76	12
<b>Press</b>		
News releases to be made by Chairman	20-Aug-64	92
Rights to geothermal resources be excluded from any lease covering oil, gas and other liquid or gaseous minerals	8-Aug-90	93
<b>Restoration</b>		

Condition of force majeure (flood questionnaire attached)	9-May-73	46
Language adopted to amend paragraph 12 of the state lease form	13-Oct-93	94
Fact finding process broadened to include inquiry as to the plans of operators and state lessees to provide for proper and timely cleanup, etc.	13-Dec-95	96
Rescind 6-14-95 resolution pertaining to fact finding process regarding oilfield sites - staff has developed procedures to implement the policies announced in prior resolution	13-Dec-95	97

### Reversionary Right

Pertains to transfer or assignment of interest containing reversionary rights	10-Aug-94	98
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### Rider

Gas Rider adopted and attached to leases	11-Apr-73	50
Mineral Board shall look with disfavor on any lease not including rider	11-Apr-73	99
Revised, revised Gas Rider	9-Jan-74	100
Important Notice regarding the 1966 Lease form and related rider	30-Jul-75	102

### Royalties

Minimum royalty for sulphur	14-Jun-56	16
Board rejection of certain lease amendments by State lessees - drilling operation and offset obligations	11-Apr-57	103
Lessee-Agent Division Order adopted - oil	13-May-65	22
Lessee-Agent Division Order adopted - gas	8-Sep-66	25
Minimum audit standards - plant products	9-Dec-70	62
Suspension of royalties regarding requirements; Authority for Secretary or Assistant Secretary to approve Division Orders; Regulations for Verification of Commercial Productivity (all inclusive in one resolution)	12-May-71	110
Standards established for staff guidance in processing commingling proposals submitted to Board	11-Aug-71	80
Lieu Royalty - reaffirm certain existing resolutions	8-Dec-71	104
Secondary recovery and/or recycling - projects to be submitted to Board for consideration	8-Dec-71	107
Suspension of royalties require statement as to reason for request to suspend	12-Apr-72	118
Audit Division allow payors to accrue royalty of one dollar or less and file quarterly SR-1	12-Apr-72	119
Revision of SR-1 forms due to coding changes	12-Apr-72	120
Revised, revised Gas Rider	9-Jan-74	100
New language adopted to be added to all future Assignments	11-Sep-74	34
Special clause in advertisement concerning minimum royalties	12-Feb-75	6
Important Notice regarding the 1966 Lease form and related rider	30-Jul-75	102
Amend Dept. Of Conservation Statewide Order 29-E resolution dated April 11, 1973 to allow 180 days after the completion date of the well within which to form a reasonable unit	11-Feb-76	81
Expanding requirements for Verification of Commercial Productivity of non-producing leases to provide for establishing productivity of leases located in open or exposed waters greater than 50 feet in depth on basis of data obtained in expendable wells	12-May-76	11
Approves provision to be included on case-by-case basis affecting leases in Ascension Bay to permit lease maintenance by in-lieu royalty payment based on demonstrated oil or gas productivity of leases in <u>over</u> 50 feet of water	9-Jun-76	12
Consideration of bids where a royalty percentage bid on all other liquid or gaseous minerals is less than that bid on oil and gas	10-Feb-82	17
Renegotiated gas purchase contracts	9-Oct-85	108
F.E.R.C. Orders 94-A and 94-B (issued 1-24-83) – state’s lessees to report to state any transactions which may increase the price of state royalty gas sold pursuant to any gas contracts	13-Dec-89	45

Board reiterates its position regarding royalties due on gas contract settlements	8-Jul-92	43
Lawsuits filed on behalf of the Board involving monetary amounts - counsel handling litigation on Board's behalf to refrain from setting forth any monetary amounts in pleadings filed therein	8-Jun-94	83
Clarification of the Board's policy, presently and historically, with respect to a deduction of cost of transporting gas from the well to an off-lease sales delivery point	13-Dec-00	105
Board Secretary and staff member designee authorized to grant permission to lessees who have drilled a well on or affecting leases for which unitization is proposed... to deposit any royalty due the state into an interest bearing account	11-Dec-02	44
Policy adopted to clarify and facilitate the operation of force majeure in maintaining state mineral leases	10-Aug-05	68
Payment of royalties and recoupments or adjustments that amount to \$25,000.00 or less - Director of Mineral Income or designee is authorized by Board to allow adjustments	11-Apr-07	84
Penalty waiver protocol used by staff for late payment of royalty and audit billings	12-Mar-08	85
Bankruptcy laws and procedures to be complied with when OMR/Mineral Income Division is engaging in an audit during a bankruptcy	12-Aug-09	74
Allows lessee of a lease in the Haynesville Shale on which a well drilled to the Haynesville Shale structure, to qualify said well without the necessity of a well test only when there is a lack of infrastructure (flow lines) necessary to flow gas to conduct a test well	10-Mar-10	106
<b>Royalty Accounting</b>		
Lessee-Agent Division Order adopted - oil	13-May-65	22
Lessee-Agent Division Order adopted - gas	8-Sep-66	25
Minimum audit standards - plant products	9-Dec-70	62
Suspension of royalties regarding requirements; Authority for Secretary or Assistant Secretary to approve Division Orders; Regulations for Verification of Commercial Productivity (all inclusive in one resolution)	12-May-71	110
Secondary recovery and/or recycling - projects to be submitted to Board for consideration	8-Dec-71	107
Suspension of royalties require statement as to reason for request to suspend	12-Apr-72	118
Audit Division allow payors to accrue royalty of one dollar or less and file quarterly SR-1	12-Apr-72	119
Revision of SR-1 forms due to coding changes	12-Apr-72	120
Renegotiated gas purchase contracts	9-Oct-85	108
Board reiterates its position regarding royalties due on gas contract settlements	8-Jul-92	43
Mandate that any amendment of any state lease for any reason also contain certain language in the lease if the lease does not already contain Force Majeure provisions	11-Oct-06	70
Payment of royalties and recoupments or adjustments that amount to \$25,000.00 or less - Director of Mineral Income or designee is authorized by Board to allow adjustments	11-Apr-07	84
Penalty waiver protocol used by staff for late payment of royalty and audit billings	12-Mar-08	85
Bankruptcy laws and procedures to be complied with when OMR/Mineral Income Division is engaging in an audit during a bankruptcy	12-Aug-09	74
<b>Shut In Wells</b>		
Lieu Royalty - reaffirm certain existing resolutions	8-Dec-71	104
Secondary recovery and/or recycling - projects to be submitted to Board for consideration	8-Dec-71	107
Condition of force majeure (flood questionnaire attached)	9-May-73	46
Request the Louisiana congressional delegation to secure an amendment to Section 365 of Title 11 of the United States Code to clearly state that oil and gas leases and operating agreements issued by a state government for state owned property shall be considered executory contracts and leases of nonresidential real property	10-Jun-98	78

#### **SR-1 Form**

Suspension of royalties regarding requirements; Authority for Secretary or Assistant Secretary to approve Division Orders; Regulations for Verification of Commercial Productivity (all inclusive in one resolution)	12-May-71	110
Suspension of royalties require statement as to reason for request to suspend	12-Apr-72	118
Audit Division allow payors to accrue royalty of one dollar or less and file quarterly SR-1	12-Apr-72	119
Revision of SR-1 forms due to coding changes	12-Apr-72	120

### Tracts

Special clause regarding non-contiguous tracts (Agency leases)	1953	123
Deadline for receipt of protests - protest requirements	19-Jun-56	60
Limits on size of tracts advertised by Board	6-Aug-64	124
Bids on portions - plat requested	12-Aug-65	125
Primary term established for lands lying landward of Supplemental Decree Line of 12-13-65	8-Dec-66	126
Partial Releases - plat requested and also circulate plat of acreage returned on mailing list	13-May-70	128
Gas Rider adopted and attached to leases	11-Apr-73	50
Special clause in advertisement concerning minimum royalties	12-Feb-75	6
Maximum size of tracts shall not exceed 2,500 acres	11-Aug-76	128
Reaffirming policy resolution of March 21, 1957 regarding Operating Agreements	8-Jul-81	129
Discontinue including the full text of Dept. of Wildlife and Fisheries regulations in advertising of such tracts under their jurisdiction in order to reduce excessive advertising costs, etc.	14-Apr-99	8
Pertains to tracts bid upon for which the bids are rejected due to insufficient consideration	9-May-07	9
Authorizes the staff to re-advertise with no time period involved tracts rejected for insufficient consideration	14-Jan-09	71
Final approval by Board of the proposed amendments to LAC 43:901 (Application for Leasing) & 903 (Awarded Leases) to provide for notice to surface rights owners on property for which the state owns the mineral rights and awards a mineral lease on said property	8-Apr-09	72

RESOLUTION

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

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

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

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

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

CERTIFICATE

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

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Secretary, State Mineral Board

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

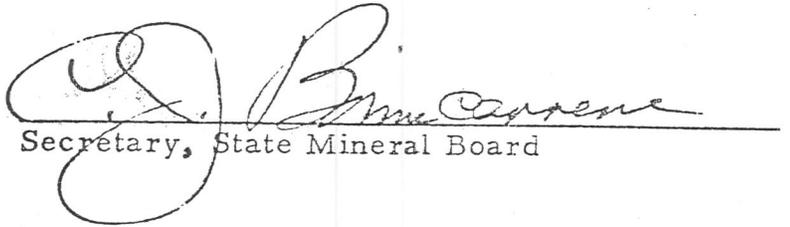
BE IT RESOLVED, that there be established as a policy of the State Mineral Board that if any one desires to withdraw a bid submitted to the State Mineral Board they must do so in person or in writing and that no telephone calls requesting withdrawal of a bid will be accepted.

Adopted: March 11, 1965

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

CERTIFICATE

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

  
Secretary, State Mineral Board

# RESOLUTION

LOUISIANA STATE MINERAL BOARD

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

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

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

## CERTIFICATE

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



State Mineral Board

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

### *Legal and Title Controversy Committee*

**ON MOTION OF** Mr. Noel, duly seconded by Mr. Arnold, the following Resolution was unanimously adopted by the State Mineral Board:

**WHEREAS** the procedure for the conduct of State Mineral Board meetings and lease sales in the recent past have adhered to the following timetable, to-wit:

- 1) Committee meetings begin at 9:00 a.m. on the Wednesday morning of the regularly called Mineral Board meetings and continue until 10:00 a.m. where, if said committee meetings are not completed, they are recessed;
- 2) At, or near, 10:00 A.M. the regular Mineral Board meeting is begun with the roll call, acceptance of minutes from past month's Mineral Board meeting, proofs of advertisement and letters of protest being noted and opening of bids which are read aloud until finished;
- 3) On completion of opening and reading of bids the Mineral Board recesses and, if any committee meetings have been recessed or not completed, those committee meetings are resumed or initiated until all committees have completed their meetings;
- 4) When all bids are reviewed by the staff, a technical briefing is given by the staff to the Mineral Board regarding all bids;
- 5) Following the technical briefing the Mineral Board meeting is resumed at which time the leases are awarded, all committee reports are adopted, any other business to come before the Board is considered and the results of the lease sale are announced.
- 6) The Mineral Board meeting is then formally adjourned; and

**WHEREAS**, the State Mineral Board believes it to be more convenient for and in the best interest of industry and the staff to revise the timetable for conducting the State Mineral Board meeting and lease sale to better accommodate action by the Mineral Board on any issues which arise in the committee meetings and to give staff additional time to review bids received.

**NOW THEREFORE, BE IT RESOLVED** that the State Mineral Board does hereby adopt the following timetable for conducting the Mineral Board meeting and lease sale, which shall be effective as of the October 12, 2005, Mineral Board meeting, to-wit:

1. At 8:30 a.m. on the Wednesday morning of the regularly called Mineral Board Meeting, announcement will be made that proofs of advertisement have been secured for all tracts up for bid, and mentioning any letters of protest, including the name of the party protesting and the tract numbers for which the protest is lodged, and further, mentioning any tracts which will be recommended for withdrawal from that month's lease sale by the Mineral Board when its regular meeting convenes and for each of which the bids will not be opened. Thereafter, bids for those tracts not to be withdrawn will be opened and read aloud until all submitted bids have been opened and read.
2. At 9:30 a.m., or when the opening and reading of bids is completed, whichever is later, the committee meetings will begin, and they shall continue until completed or 11:00 a.m., whichever is earlier. If the committee meetings are not completed by 11:00 a.m., the committee meeting in progress at that time will be recessed.
3. At 11:00 a.m. the regular Mineral Board meeting will begin with a role call of Mineral Board members to ensure a quorum is present. If the committee meetings have not finished, the

RESOLUTION

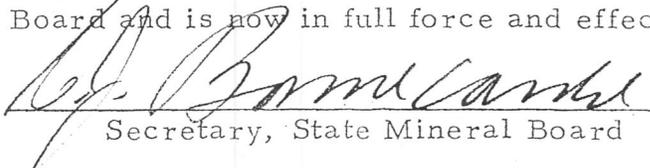
On motion of Mr. Berrigan, seconded by Mr. McClanahan,  
the following Resolution was offered and adopted:

BE IT RESOLVED that on recommendation of the Policy Committee of the State Mineral Board that the hereinafter set forth language be placed in the Board's Notice of Publication, its official advertisement and shall be otherwise brought to the attention of industry as is appropriate.

The minimum royalties above are not to be construed as values acceptable to the Board, it being the policy of the Board to reject any bid which does not reflect tract potential. The Board considers bonus, royalty percentage, and also compares royalty with that granted by landowners in the area.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 12th day of February, 1975, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
Secretary, State Mineral Board

## RESOLUTION

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

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

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

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

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

## CERTIFICATE

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

  
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State Mineral Board

## RESOLUTION

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

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

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

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

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

## CERTIFICATE

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

  
\_\_\_\_\_  
State Mineral Board

# RESOLUTION

LOUISIANA STATE MINERAL BOARD

## TRACT EVALUATION COMMITTEE

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

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

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

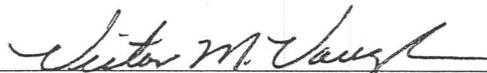
**BE IT RESOLVED**, that the Mineral Board does hereby approve and place in effect the following policy regarding tracts bid upon for which the bids are rejected due to insufficient consideration, to-wit:

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

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

### CERTIFICATE

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

  
State Mineral Board

RESOLUTION

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

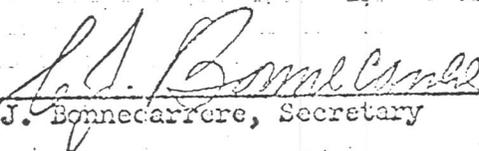
WHEREAS, the form normally used was amended in order to be compatible with Act 311 of 1964.

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

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

## CERTIFICATE

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

  
C. J. Bonnecarrere, Secretary

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

BE IT RESOLVED that, in pursuance of the recommendation of the In-Lieu Royalty Committee, the following policy revision is approved and shall constitute a part of the overall policy of the Board in application of the in-lieu royalty provisions of the lease hereafter, unless and until altered or dispensed with.

1. The revised and expanded requirements for "Verification of Commercial Productivity of Non-Producing Leases", dated May 12, 1976.
2. The expanded portion of the above, designed to provide for establishing productivity of leases located in open, or exposed waters greater than 50 feet in depth on the basis of data obtained in expendable wells, shall be applied on a case by case basis, upon application of the lessee.
3. In all other respects the policy of the Board in this matter remain unchanged.

BE IT FURTHER RESOLVED that, the Secretary is directed to circulate the revised requirements on the current mailing list.

The following action was then recorded:

Upon motion of Mr. Wood, seconded by Mr. Howard, the Board voted to adopt the report of the In-Lieu Royalty Committee and to make a copy of the report a part of the minutes by reference.

Mr. Martin next requested Mr. Garber, Vice-Chairman of the Wild Life and Fisheries Committee, to give the report of that Committee.

Mr. Garber stated that a meeting of the Wild Life and Fisheries Liaison Committee was held on Tuesday, May 11, 1976, with the following members of the Board present: Messrs. Garber, Huls, Berrigan, Favret, Grezaffi, Howard, Sirmon, Williams, Wood, and Jones.

Mr. Garber stated that the first matter considered by the Committee concerned a request from Amoco Production Co. to conduct geophysical operations by locating five lines with each extending beyond the limits of State Leases 4080 and 4163. Mr. Garber noted that this matter, which was recommended by the Committee for approval, had appeared as Item II of the Docket.

The second item reviewed by the Committee was correspondence from Loxco concerning a geophysical permit. Mr. Garber stated that the Committee had instructed the Secretary to acknowledge receipt of Loxco's letter and invite them to review the Board's records if they so desired.

Mr. Garber stated that the last matter discussed concerned a proposal submitted by Aquatronics for consideration of a geophysical permit covering the Rockefeller Game Preserve. He reported that the Committee decided to consult with the Wild Life and Fisheries Commission on this request.

Mr. Garber then moved that the report of the Wild Life and Fisheries Committee be accepted by the Board and that a copy of the report be made a part of the minutes by reference. The motion was seconded by Mr. Berrigan and unanimously adopted by the Board.

The Chairman then called for the report of the Personnel and Budget Committee.

Mr. Favret, Chairman of the Committee, stated that the Committee had four resolutions to present for Board approval as follows: 1) Resolution to increase the maximum for legal fees to Mr. Ernest Eldred on suit entitled Kerr-McGee vs. State Mineral Board, No. 173732, from

50 feet. He explained that such amendment was to be employed upon application by the lessee on a case-by-case basis and in such instance to supersede any shut-in oil well payments provisions that may have previously been incorporated in the state lease.

Mr. Berrigan then presented the following resolution which was subsequently adopted by the Board:

Upon motion by Mr. Berrigan, seconded by Mr. McClanahan, the following resolution was duly adopted:

WHEREAS, pursuant to recommendations to the State Mineral Board in the report of a combined meeting of the Policy Committee and of the Legal and Title Controversy Committee on September 4, 1975, the Board approved at its Regular Meeting on September 10, 1975, a form of shut-in oil well payment provision for inclusion by amendment or otherwise in future offshore leases, which provision was also to be employed for leases in Ascension Bay between the coastline and shoreline, because the area comprises inland waters comparable to the water area in the three (3) mile belt seaward of the coastline, and in which Ascension Bay Area the Board by special resolution of the same date also authorized the letting of leases for a term of five (5) years; and

WHEREAS, pursuant to recommendations to the State Mineral Board by the In Lieu Royalty Committee, the Board by special resolution at its Regular Meeting on May 12, 1976, approved a revision and expansion of its requirements for Verification of Commercial Productivity of Non-Producing Leases to permit determination of oil or gas productivity of leases on the basis of data obtained in expendable wells drilled in open or exposed waters of a depth greater than fifty (50) feet, to be considered upon lessee's application and applied on a case by case basis; and

WHEREAS, pursuant to recommendations of the Policy Committee of the State Mineral Board on June 9, 1976, the Board, at its Regular Meeting on the same date deferred for a period of thirty (30) days for additional study and recommendations, the particular form of lease provision to implement the recommendations of the In Lieu Royalty Committee previously approved by the Board on May 12, 1976.

NOW, THEREFORE, BE IT RESOLVED by the State Mineral Board for the State of Louisiana, based upon joint recommendations of the In Lieu Royalty, Legal and Title Controversy, and Policy Committees, that the Board approve the attached form of provision for inclusion by amendment or otherwise on a case by case basis upon application by the lessee in mineral leases offshore or in Ascension Bay to permit lease maintenance by in lieu royalty payments based on demonstrated oil or gas productivity of the lease from data obtained in the drilling of expendable wells in open or exposed waters of a depth greater than fifty (50) feet as distinguished from the physical capability of any given well to produce oil or gas in paying quantities; and to that end any such provision so approved is to be substituted for and shall supersede any shut-in oil well provision that may have previously been incorporated in the lease.

PROVISION FOR IN LIEU PAYMENTS UNDER STATE LEASES, OFFSHORE OR IN ASCENSION BAY, PROVEN PRODUCTIVE OF OIL AND GAS IN EXPENDABLE WELLS

If at any time during the primary term one or more tests have been drilled in open or exposed waters of a depth greater than fifty (50) feet, which demonstrate that the lease is productive of oil and/or gas, and which fact has been duly verified and confirmed in accordance with Lessor's requirements for proof thereof, but oil and/or gas is not being used or marketed because of the lack of structures and

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

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

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

Adopted: June 10, 1965

RESOLUTION

On motion of M. L. D. Jones, seconded by M. Minix Clemens  
the following Resolution was adopted:

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

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

CERTIFICATE

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

*A. J. Boardman*  
Secretary, State Mineral Board

**RESOLUTION**

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

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

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

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

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

**CERTIFICATE**

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



\_\_\_\_\_  
State Mineral Board

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

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

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

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

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

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

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

Adopted: June 14, 1956

RESOLUTION

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

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

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

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

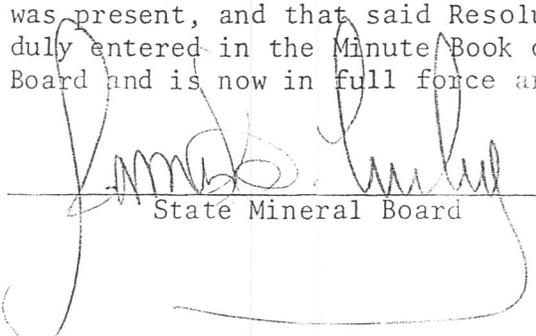
WHEREAS, the Board has recently considered several bids for leases offering a royalty on any and all other liquid or gaseous minerals less than the royalties offered on oil and gas;

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

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

CERTIFICATE

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

  
\_\_\_\_\_  
State Mineral Board

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

### *Legal and Title Controversy Committee*

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

*WHEREAS*, a discussion and presentation was delivered by OMR Staff relative to a proposed cut off date for registration with the Office of Mineral Resources as provided by Revised Statute 30:125(B).

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

*NOW BE IT THEREFORE RESOLVED*, that November 9, 2005, is the date beyond which no bids for lease will be accepted unless the entity is registered with the Office of Mineral Resources as well as the Secretary of State as provided by Revised Statute 30:125(B).

### *CERTIFICATE*

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 8<sup>th</sup> day of March 2006, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.

  
Louisiana State Mineral Board

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

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

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

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

BE IT FURTHER RESOLVED That in order to carry out the purposes and intent of this resolution in requesting the needed logs, maps, data and information, the Chief Geologist, or in his absence the Secretary, be and he is hereby authorized to make such request for the aforesaid information, if and when needed and that in no case does the Board desire logs or maps or any other data which the lease holder in its best interests feels should be kept confidential.

BE IT FURTHER RESOLVED That the information, maps and other data thus requested and obtained shall be used exclusively and solely by the Board in carrying out its duties.

Adopted: October 20, 1964

Upon motion of Mr. Lawrence, seconded by Mr. Stroble, the Board unanimously voted to adopt the following clause, said clause to be incorporated in all Division Orders approved by the Board since August, 1959, and in all future instances:

"No deductions from the sums to be paid hereunder shall be made unless authorized under the lease or leases affected, or by any applicable law, and the acceptance of any payment shall not be an acquiescence in any such deduction or in any manner affect any right of the State of Louisiana arising from or incident to an unauthorized deduction."

Adopted: January 21, 1960

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

BE IT RESOLVED, that the State Mineral Board authorizes the Secretary or Assistant to the Secretary to sign all Division Orders approved by the Board, such authorization herein given is to carry out the provisions of R.S. 30:130.

Adopted: August 6, 1964

R E S O L U T I O N

Upon motion of Mr. Postorius, seconded by Mr. Jarral, the following Resolution was adopted:

WHEREAS, the Louisiana State Mineral Board has this day adopted minimum standards for computation of oil royalties for use by its audit division; and,

WHEREAS, information supplied to the Louisiana State Mineral Board by several of its lessees indicates that, because of administrative considerations stemming from present marketing practices, the lessees of the State of Louisiana may be in need of a special type of division order which will permit them to market oil production as agent for the State of Louisiana and to account for such royalty payments to the State; therefore,

BE IT RESOLVED, that the form of division order entitled "Lessee-Agent" attached hereto and made a part hereof is adopted for use by lessees of the State of Louisiana in situations of the kind mentioned above.

BE IT FURTHER RESOLVED, that the adoption of this order is to permit lessees of the State of Louisiana effectively to designate those situations in which it is electing to deliver royalties by delivery in kind into the hands of a third party purchaser.

BE IT FURTHER RESOLVED, that although this order may be utilized with relation to both present and future marketing arrangements, it is to be executed only in the case of genuine third party marketing arrangements which are terminable and not to bind the State of Louisiana through the Louisiana State Mineral Board to previously executed long term purchase contracts to which the State of Louisiana is not a party.

BE IT FURTHER RESOLVED, that in submitting a division order of this type for execution by the Louisiana State Mineral Board, lessees are requested to submit with the order form the current posted or other price being paid by the proposed third party purchaser and any other pertinent information which may permit the Louisiana State Mineral Board and its staff to act intelligently in the execution of the proposed order.

C E R T I F I C A T E

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 13th day of May, 1965, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

STATE OF LOUISIANA  
OIL DIVISION ORDER FORM  
(LESSEE AGENT)

OIL  
DIVISION ORDER  
No. \_\_\_\_\_

TO: \_\_\_\_\_ (Name of Company) EFFECTIVE DATE \_\_\_\_\_  
\_\_\_\_\_  
(Address) STATE LEASE NO.(S). \_\_\_\_\_

The State of Louisiana through the Louisiana State Mineral Board hereby represents that it is the owner of the decimal interest set out below in all of the oil produced from the unit or lease located in \_\_\_\_\_ Parish or Parishes, Louisiana, known as the \_\_\_\_\_, described as follows:  
(Unit Name, if unitized)

Being all or a portion of State Lease No. \_\_\_\_\_  
Until further written notice you are authorized to run such oil and receive it into your possession as agent for the State of Louisiana and to sell and deliver such oil to \_\_\_\_\_ (hereinafter referred to as "purchaser"), such oil to be credited as follows:  
Credit to \_\_\_\_\_ Division of Interest \_\_\_\_\_ Post Office Address \_\_\_\_\_

1. The oil received and sold hereunder shall, on the terms herein stated, become the property of purchaser immediately upon being received into (his)(its) possession or into the possession of a carrier upon (his)(its) order.
2. You agree to receive the oil run hereunder, subject to the further provisions hereof, and upon delivery to purchaser to receive and receipt for the price paid for such oil in accordance with the terms of this order and to account to the State of Louisiana for all such payments.
3. You are authorized to sell such oil, as credited above, at the price quoted or posted by purchaser for the same gravity, kind and quality of oil on the date of (his)(its) receipt thereof.
4. The oil so run shall be measured in accordance with the customary pipeline rules and regulations, including adjustments and deductions regarding such measurement, provided for by the state agency having authority to make them.
5. No deductions from the sums authorized to be paid hereunder and received and accounted for by you shall be made unless authorized under the lease or leases affected, or by any applicable law, and the acceptance of any payments shall not be an acquiescence in any such deduction or in any manner affect any right of the State of Louisiana arising from or incident to an unauthorized deduction. Further, it is understood that in the event purchaser performs for you in connection with the sale of any oil run hereunder functions which are customarily performed by producers, this order does not waive any right which may exist in favor of the State of Louisiana to claim its proportionate part of the fair value of such services as royalty; nor does this order waive any right existing in favor of the State of Louisiana to claim its proportionate part of any charges normally borne by the producer which may properly be considered a part of the value base upon which royalties should be computed. The existence of any such rights is to be determined by the lease or leases in question and it is understood that in acting under the authority given in this order you do not admit the existence of any such rights.

6. Until written notice to the contrary is given to you by an authorized representative of the State of Louisiana, both you and purchaser shall be authorized to consider the above decimal interest for the purpose of payment as the full decimal interest which the State of Louisiana owns in all of the oil produced from the above described property. You are authorized to relieve purchaser of any responsibility for detouring when any of the above interest shall increase, diminish or be extinguished because of: reversion to other properties as the result of the completion or discharge of money or other payments from said interest; an increase or decrease in production or a change in the depth, method, or means of production; a change in the allocation of the tract or tracts to the well or wells on the above described property by conventional agreement or by order of governmental authority; or any other contingency. You are hereby authorized to receive and remit and to authorize purchaser to continue to pay, pursuant to the above division of interest, until you receive notice in writing to the contrary by mail addressed to you at \_\_\_\_\_.

You shall be held harmless and you are authorized to hold purchaser harmless in the event said written notice is not received, and you are hereby relieved and are authorized to relieve purchaser of any responsibility for loss arising out of an overpayment as the result of the failure to receive said written notice.

7. It is understood that the State of Louisiana may terminate this division order by giving thirty (30) days written notice. It is further understood that such termination shall be effective upon the giving of written notice to you at the address shown in paragraph 6 hereof. It is further understood that although you are authorized to discontinue sales under this order you will not do so without written notice to the State of Louisiana through the Louisiana State Mineral Board.

THIS DONE AND SIGNED, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

WITNESS:

LOUISIANA STATE MINERAL BOARD

Secretary

RESOLUTION

WHEREAS, the Louisiana State Mineral Board has this day adopted minimum standards for computation of royalties on gas and processed gas for use by its Audit Division; and,

WHEREAS, information supplied to the Louisiana State Mineral Board by several of its lessees indicates that, because of administrative considerations stemming from prevailing marketing practices in the gas industry, the lessees of the State of Louisiana may be in need of a special type of division order which will permit them to market gas production as agent for the State of Louisiana and to account for such royalty payments to the State;

THEREFORE, on motion of Mr. Woods, seconded by Mr. Jarrell:

BE IT RESOLVED that the form of division order entitled "Lessee-Agent" attached hereto and made a part hereof is adopted for use by lessees of the State of Louisiana in situations of the kind mentioned above.

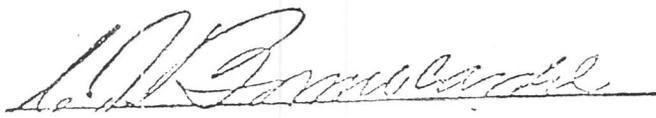
BE IT FURTHER RESOLVED that the adoption of this order is to permit lessees of the State of Louisiana effectively to designate those situations in which they are electing to deliver royalties by delivery in kind into the hands of a third party purchaser.

BE IT FURTHER RESOLVED that the Lessee-Agent division order is to be executed only in the case of good faith third party sales.

BE IT FURTHER RESOLVED that in no case shall the use of a Lessee-Agent division order be approved unless the lessee in question has furnished to the Board, through the Audit Division, all information reasonably necessary to permit the Board to determine the prudence of the lessee's entry into the marketing arrangement under which the State's gas is to be sold.

CERTIFICATE

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



STATE OF LOUISIANA  
GAS DIVISION ORDER FORM  
(LESSEE AGENT)

G A S

DIVISION ORDER

TO: \_\_\_\_\_ EFFECTIVE DATE \_\_\_\_\_  
(Name of Company)

\_\_\_\_\_ STATE LEASE NO(S) \_\_\_\_\_  
(Address)

The State of Louisiana through the Louisiana State Mineral Board hereby represents that it is the owner of the decimal interest set out below in all of the gas produced from the unit or lease located in \_\_\_\_\_ Parish or Parishes, Louisiana, known as the \_\_\_\_\_, described as follows:  
(Unit name, if unitized)

Being all of a portion of State Lease(s) No. \_\_\_\_\_

Until termination of this authority as specified below you are authorized to run such gas and receive it into your possession as agent for the State of Louisiana: to sell and deliver such gas to \_\_\_\_\_, (hereinafter referred to as "purchaser"), such gas to be credited as follows:

Credit to \_\_\_\_\_ Division of interest \_\_\_\_\_ Post Office Address \_\_\_\_\_

1. The gas received and sold hereunder shall, on the terms herein stated, become the property of purchaser immediately upon being received into (his) (its) possession or into the possession of a carrier upon (his) (its) order.
2. You agree to receive the gas run hereunder, subject to the further provisions hereof, and upon delivery to purchaser to receive and receipt for the price paid for such gas in accordance with the terms of this order and to account to the State of Louisiana for all such payments.
3. The gas so run shall be measured in accordance with the customary pipeline rules and regulations, including adjustments and deductions regarding such measurement, provided for by the state agency having authority to make them.
4. You are authorized to sell such gas, as credited above, at the price specified in the contract executed by you and purchaser on \_\_\_\_\_, 19\_\_\_\_ or any amendment thereof or any alteration thereof resulting from regulatory orders of any governmental agency for the duration of that contract, subject to the provisions of paragraphs 5 and 7 hereof.
5. No deductions from the sums authorized to be paid hereunder and received and accounted for by you shall be made unless authorized under the lease or leases affected, or by any applicable law, and the acceptance of any payments shall not be any acquiescence in any such deduction or in any manner affect any right of the State of Louisiana arising from or incident to an unauthorized deduction. Further, it is understood that in the event purchaser performs for you in connection with the sale of any gas run hereunder functions which are customarily performed by producers, this order does not waive any right which may exist in favor of the State of Louisiana to claim its proportionate part of the fair value of such services as royalty; nor does this order waive any right existing in favor of the State of Louisiana to claim its proportionate part of any reimbursements to you of any charges normally borne by a producer which reimbursements may properly be considered a part of the value base upon which royalties should be computed. The existence of any such rights is to be determined by the lease or leases in question, and it is understood that in acting under the authority given in this order you do not admit the existence of any such rights.

6. Until written notice to the contrary is given to you by an authorized representative of the State of Louisiana, both you and purchaser shall be authorized to consider the above decimal interest for the purpose of payment as the full decimal interest which the State of Louisiana owns in all of the gas produced from the above described property. You are authorized to relieve purchaser of any responsibility for determining when any of the above interests shall increase, diminish, or be extinguished because of: reversion to other properties as the result of the completion or discharge of money or other payments from said interest; an increase or decrease in production or a change in the depth, method, or means of production; a change in the allocation of the tract or tracts to the well or wells on the above described property by conventional agreement or by order of governmental authority; or any other contingency. You are hereby authorized to receive and remit and to authorize purchaser to continue to pay, pursuant to the above division of interest, until you receive notice in writing to the contrary by mail addressed to you at \_\_\_\_\_.

You shall be held harmless and you are authorized to hold purchaser harmless in the event said written notice is not received, and you are hereby relieved and are authorized to relieve purchaser of any responsibility for loss arising out of an overpayment as the result of the failure to receive said written notice.

7. It is understood that this division order shall remain in effect for the duration of the contract identified in paragraph 5, above. However, it is also understood that this division order is executed by the Louisiana State Mineral Board in reliance on information furnished by you concerning the price or prices to be paid under the contract identified in paragraph 5, prices paid under other contracts in the same and other fields, and other information regarding the prudence of your entry into the said contract under the circumstances existing at the time of its execution. Upon expiration of the said contract, this division order shall terminate, and you agree to submit a new division order in connection with any sales other than those specifically authorized herein.

THUS DONE AND SIGNED, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

LOUISIANA STATE MINERAL BOARD

\_\_\_\_\_  
Secretary

RESOLUTION

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

WHEREAS, on July 19, 1962, the State Mineral Board approved a resolution which in part specified that ". . . all division orders on Conservation Units henceforth be accompanied by a plat or plats certified to by a Louisiana Registered Land Surveyor or Engineer, indicating thereon all State acreage allocable to the subject unit . . . ", and

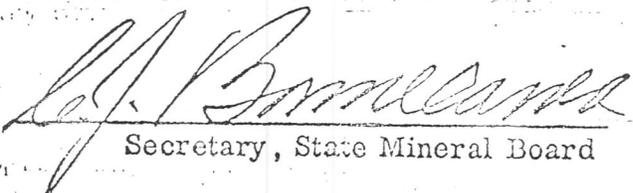
WHEREAS, on occasion the Board has seen fit to approve, without requiring a certified plat, Voluntary Units which later became Department of Conservation Units,

BE IT RESOLVED, that the State Mineral Board hereby authorizes the staff to accept and approve division orders without a certified plat for Conservation Units which were previously Voluntary Units approved by the Board without requiring a certified plat, provided the State's participation does not change when such Voluntary Units become Conservation Units.

BE IT FURTHER RESOLVED, that in any other instance whereby the Board sees fit to waive or does not require the filing of certified plats, related division orders shall be approved by the staff without such plats or as directed by the Board.

CERTIFICATE

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

  
Secretary, State Mineral Board

RESOLUTION

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

WHEREAS, the State Mineral Board on the 13th day of March, 1974, adopted a Resolution authorizing and directing the Secretary to cancel all division orders concerning State Leases which may be necessary and desirable, subject to final approval as to form and legality, and

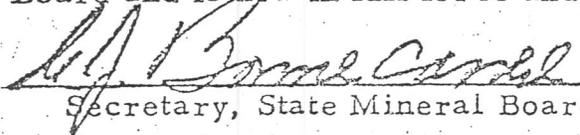
WHEREAS, after extensive research and consultation with legal counsel, it was determined that, for the present time, no division orders should be cancelled, but that the right to cancel selective division orders may be necessary and desirable in the future,

THEREFORE BE IT RESOLVED that the State Mineral Board authorize the Secretary, with the approval of legal counsel, should the occasion arise, to cancel such division orders as may be deemed necessary and advisable in the future.

NOW THEREFORE BE IT FURTHER RESOLVED that this Resolution shall supersede and be in lieu of the said Resolution adopted by the State Mineral Board on the 13th day of March, 1974.

## CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 8th day of May, 1974, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
Secretary, State Mineral Board

R E S O L U T I O N

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

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

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

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

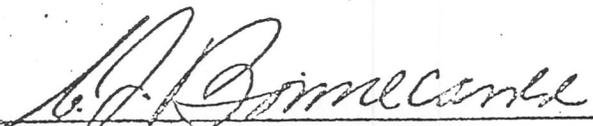
BE IT RESOLVED, that all interested parties doing business with the Board be and they hereby are requested to submit proper explanatory data along with any submitted transfers of interest so that the Board may determine the exact interest held, conveyed and retained.

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

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

CERTIFICATE

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

  
Secretary, State Mineral Board



R E S O L U T I O N

On motion of Mr. Chermie, seconded by Mr. L. S. Jones, the Board adopted the following Resolution:

WHEREAS, the Policy Committee of the Board has recommended that standards be adopted to guide the staff in processing unitization matters.

BE IT RESOLVED, that the staff of the State Mineral Board be and is hereby authorized to represent the State Mineral Board at all Department of Conservation hearings, pre-hearing meetings and conferences affecting any interest of the State Mineral Board;

BE IT FURTHER RESOLVED, that the Secretary of the State Mineral Board be and is hereby authorized to determine the position which should be taken by the State at any pre-hearing conference or hearing and initiate all procedures deemed necessary to protect the State's interest;

BE IT FURTHER RESOLVED, that all other unitization matters be processed by the staff and submitted with its recommendations to the Docket Committee of the Board for the Board's consideration;

BE IT FURTHER RESOLVED, that all previous policy resolutions relating to unitization matters be and they are hereby set aside, insofar as they conflict with this resolution.

*needs to be studied for possible revision*

C E R T I F I C A T E

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

L. H. B. [Signature]  
Secretary, State Mineral Board

Note: This resolution will supercede #9 contained in Policy Resolution book

## RESOLUTION

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

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

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

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

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

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

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

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

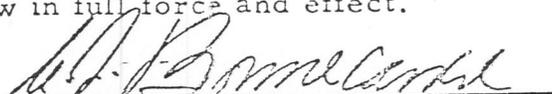
1) Each matter, including assignments, amendments, mortgages et cetera, must clear this office at least fifteen days prior to the Docket Committee meeting.

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

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

## CERTIFICATE

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

  
Secretary, State Mineral Board

RESOLUTION

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

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

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

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument;
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral Board for the State of Louisiana, it being distinctly understood that the State Mineral Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board; and
- 3) That in the event any owner or owners of a leasehold working interest in the basic lease responsible to the lessor therein for development of the leased premises, whether such interest is created by the basic lease, assignment or sublease thereof, releases or agrees to release such leasehold working interest in the leased premises or in a segregated portion thereof, then all owners of such leasehold working interests or of rights to acquire such an interest agree to join in a release or to otherwise execute a similar release of their leasehold interests or rights to said lessor, it being provided, however, that any release to said lessor purporting to cover the entirety of such leasehold working interests in the leased premises or in a segregated portion thereof shall be binding and effective on the interests of all owners of interests in the lease, relegating any non-signatory party to such remedy, if any, as such party may have against the owner or owners executing the release.
- 4) That for purposes of recordation and notice certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby."

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

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

CERTIFICATE

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

  
Secretary, State Mineral Board

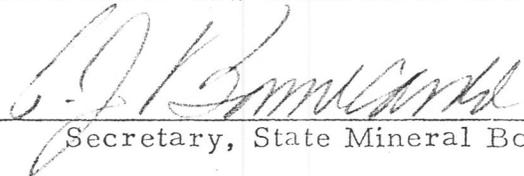
*Policy*RESOLUTION

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

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

## CERTIFICATE

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



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Secretary, State Mineral Board

RESOLUTION

Policy

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

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

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

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

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

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

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

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

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

CERTIFICATE

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

Stolley

RESOLUTION

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

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

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

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

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

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

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

CERTIFICATE

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

Edward A. R. Ploner  
State Mineral Board

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

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

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

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

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

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

Adopted: February 18, 1960

## RESOLUTION

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

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

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

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

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

## CERTIFICATE

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



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State Mineral Board

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

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

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

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

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

Adopted: March 11, 1965

R E S O L U T I O N

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

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

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

C E R T I F I C A T E

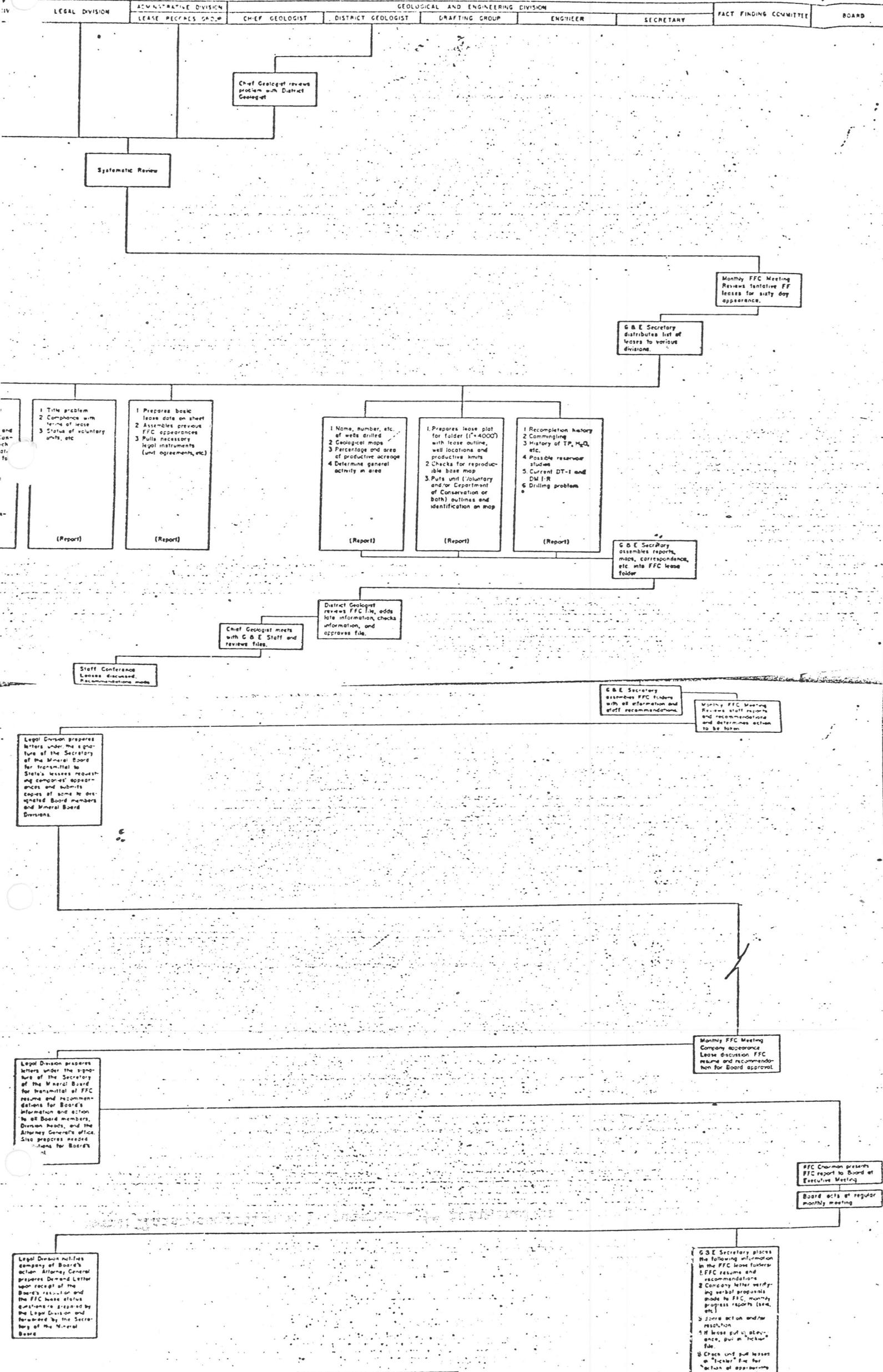
I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 13th day of January, 1966, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered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

\_\_\_\_\_  
C. J. Boardman, Secretary  
State Mineral Board

# STATE MINERAL BOARD

## PROCEDURE FOR PROCESSING STATE LEASES FOR FACT FINDING

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



RESOLUTION

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

WHEREAS, by Resolutions dated October 9, 1985 and October 10, 1990, the State Mineral Board expressed its position that State royalty was due and payable on all sums or benefits received as a result of gas contract settlements, including buydowns, buyouts and take-or-pay settlements; and

WHEREAS, the Louisiana Supreme Court has now issued its decision in the case of Fredrick J. Frey, et al. versus Amoco Production Company finding in favor of the lessors' right to collect royalty on proceeds from take-or-pay settlements; and

WHEREAS, the State Mineral Board, in accordance with prior Resolutions and supported by the recent decision of the Louisiana Supreme Court, desires to reiterate its position regarding royalties due on gas contract settlements;

NOW THEREFORE BE IT RESOLVED, that the State's lessees be and hereby are directed to pay to the State as royalty its proportionate share of any and all things of value received as consideration for any contract settlement which has the effect of reducing or substantially delaying the volumes of gas produced from a State Lease, or which reduces the price received for the gas produced from the lease; and

BE IT FURTHER RESOLVED, that a copy of this Resolution be distributed to all parties currently paying royalties to the State, to all State lessees, and disseminated to all interested parties; and

BE IT FURTHER RESOLVED, that the staff be and hereby is directed to make every effort to identify and collect all such royalties due and owing as a result of previous gas contract settlements; and

BE IT FURTHER RESOLVED, that the State Mineral Board demands that all such documents be identified to the staff of the Office of Mineral Resources and be made available upon request by that Office; and

BE IT FURTHER RESOLVED, that the Fact Finding Committee of the Board make requests upon lessees for the information where it has not been previously furnished and the Royalty Accounting Committee not consider recoupment requests from companies who have not complied with either requests for information or payment of royalty on gas contracts settlements; and

BE IT FURTHER RESOLVED, that in consideration for payment of royalty due on gas contract settlements by September 30, 1992, the Board agrees to waive penalties on all such amounts.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 8th day of July, 1992, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

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\_\_\_\_\_  
State Mineral Board

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

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

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

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

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

### CERTIFICATE

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



STATE MINERAL BOARD

## RESOLUTION

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

WHEREAS, on January 24, 1983, the Federal Energy Regulatory Commission (FERC) issued Orders 94-A and 94-B which allowed sellers under many first sale contracts to receive reimbursements for gathering and compression of natural gas; and

WHEREAS, it has come to the attention of the State Mineral Board that certain lessees have collected sums pursuant to said FERC orders; and

WHEREAS, the State's royalty share of the gas subject to said gas purchase contracts is equally affected by said transactions, both as to price received and as to the volume of gas sold and transported pursuant to the gas contracts; and

WHEREAS, it appears that in some cases the State's lessees have neither notified the State of such settlements or collection of sums due under those contracts, nor paid the State's royalty share; and

WHEREAS, it is the State Mineral Board's intention that all sums collected or attributable to gas contracts which affect state royalty gas should be paid to the State along with other royalties due;

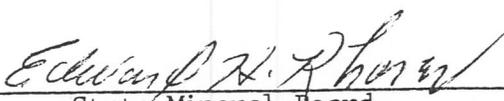
NOW THEREFORE, BE IT RESOLVED, that the state's lessees be and hereby are directed to report to the state any FERC Order 94 transactions which may increase the price of state royalty gas sold pursuant to any gas contracts.

BE IT FURTHER RESOLVED, that the state's lessees be and hereby are directed to pay to the state, as royalty, its proportionate share of any and all delivery and compression related payments made pursuant to any such gas contracts.

BE IT FURTHER RESOLVED, that the staff be and hereby is directed to make every effort to identify and collect all such royalties due and owing as a result of previous receipts of payments by lessees.

## CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 13th day of December, 1989, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
\_\_\_\_\_  
State Mineral Board

RESOLUTION

No. I

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

WHEREAS, due to the rising waters of almost unprecedented flood conditions existing in the lowlands of the State of Louisiana, owners and operators of State leases have been compelled to shut-in production from wells located in the flooded areas, or discontinue operations which would maintain those leases,

WHEREAS, notwithstanding the provisions of the various State Oil, Gas, and Mineral Leases, the Mineral Board takes cognizance of the flood conditions being due to acts of God, or vis major, and desires to establish a procedure whereby recognition can be given to suspension of certain obligations of lessees as well as the status of affected leases.

NOW, THEREFORE, BE IT RESOLVED THAT:

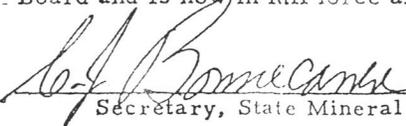
- 1) Any well or wells located on leases granted by the State of Louisiana or on units containing leases or portions thereof covering lands of the State of Louisiana, which wells were producing oil or gas and were shut-in by virtue of being located in waters affected by the aforesaid flood conditions, should remain shut-in until the flood conditions have ceased or subsided so as to permit the resumption of production under safe operating practices and conditions;
- 2) The status of leases which were being maintained in force and effect by the production of such wells which were shut-in shall not be affected by such shutting-in;
- 3) The shutting-in of any or all gas wells will not be considered as a cause, or create an obligation, to make any shut-in payments;
- 4) Operations, which would maintain a lease under its terms, and which once commenced must be discontinued as a direct result of these flood conditions, shall not affect the status of any lease as being maintained, so long as this condition of force majeure exists.
- 5) In order that appropriate recognition be given to the status of wells and leases which fall within the scope of this Resolution there has been appointed a Flood Committee consisting of a Chairman and two Mineral Board members, and any lessee of the State whose lease may fall within the purview and scope of this Resolution, should make application to the Board through this Committee for the recognition afforded hereby.

The Flood Committee shall satisfy itself as to whether or not a condition of force majeure exists with respect to such lease, according to the policies and standards herein set forth, and report its findings to the Board for formal action thereon.

BE IT FURTHER RESOLVED, that any lessee granted the relief herein authorized be required to furnish such reports at regular intervals that will fully inform the Committee of efforts made to restore production or resume operations.

## CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 9th day of May, 1973, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
Secretary, State Mineral Board

\* LOUISIANA MINERAL BOARD'S FLOOD COMMITTEE QUESTIONNAIRE

The following is a list of questions requested for evaluation of leases for the Board's consideration of Force Majeure.

Lessee (s):

State Lease No. \_\_\_\_\_; Date Executed \_\_\_\_\_

Field \_\_\_\_\_; Parish \_\_\_\_\_

- (1) Date of last production or operations, if any. \_\_\_\_\_
- (2) State revenue interest average per month. \_\_\_\_\_
- (3) How was this lease maintained immediately prior to flooding conditions?
  
- (4) State cause, circumstances and present physical conditions for which you feel force majeure is warranted.
  
- (5) Do you have any opinion as to how long this condition will exist, or how soon you will be able to restore production?

\* See Resolution I adopted by the Board May 9, 1973, pertaining to flooding conditions in Louisiana as they now affect or may in the future affect State's lessees.

State Mineral Board  
P. O. Box 2921  
Baton Rouge, La.  
70821

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

**ON MOTION**, of Mr. Bertrand, seconded by Mr. Domino, the following resolution was offered and adopted:

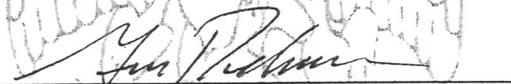
**WHEREAS**, a discussion was presented by Rick Heck relative to Board policy regarding a reasonable time within which industry is to provide written notification to the Office of Mineral Resources that a force majeure condition exists.

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

**NOW BE IT THEREFORE RESOLVED**, that the Louisiana State Mineral Board herein implements a Board Policy which provides that a reasonable period within which to notify the State, in writing, of the onset of force majeure conditions should be within ninety (90) days of inception of said force majeure condition, reserving unto themselves the right to allow for extenuating circumstances.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 9<sup>th</sup> day of July, 2003, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.

  
Louisiana State Mineral Board

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

### *Legal and Title Controversy Committee*

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

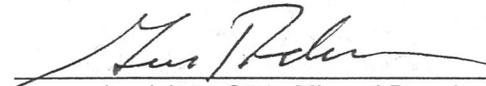
**WHEREAS**, a request was made by the staff of the Office of Mineral Resources for authority to proceed with the force majeure amendment to the lease process when the action is clearly justifiable, without first requesting authority to proceed from the Board.

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

**NOW BE IT THEREFORE RESOLVED**, that the request by the staff of the Office of Mineral Resources for authority to negotiate, draft and advertise force majeure amendments without prior approval from the Louisiana State Mineral Board is granted.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 13<sup>th</sup> day of October 2004, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.

  
\_\_\_\_\_  
Louisiana State Mineral Board

RESOLUTION

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

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

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

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

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

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

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

CERTIFICATE

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

\_\_\_\_\_  
Secretary, State Mineral Board

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

BE IT RESOLVED, that the State Mineral Board  
authorizes the Secretary, Assistant to the Secretary or  
the Administrative Assistant to sign on behalf of the  
Board, the Geophysical Permits issued by the Board.

BE IT FURTHER RESOLVED, that this amends and super-  
sedes previous resolutions on this subject.

Adopted: August 6, 1964

## RESOLUTION

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

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

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

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

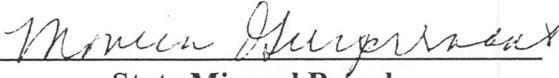
**WHEREAS**, this comprehensive study period is currently being carried out under the supervision of the Office of Mineral Resources; and

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

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

## CERTIFICATE

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

  
\_\_\_\_\_  
State Mineral Board

RESOLUTION OF THE STATE MINERAL BOARD

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

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

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

THIS RESOLUTION is adopted without any recognition on the part of the State of Louisiana of the legal effect of such shore line changes; and it is further adopted with full reservation of all the rights, claims and defenses of the State of Louisiana in connection with its coast line as accepted and approved in Act 53 of 1954, as well as to its historic bays, inlets and sounds.

CERTIFICATE

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

  
Secretary, State Mineral Board

*Changing Location of Coaling*

RESOLUTION

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

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

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

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

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

CERTIFICATE

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

  
Secretary, State Mineral Board

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

ON MOTION OF Ms. Smith, duly seconded by Mr. Sanders, the following resolution was adopted by the Louisiana State Mineral and Energy Board, to-wit:

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

**WHEREAS**, pursuant to Louisiana Revised Statute 30:153, which authorizes the Louisiana State Mineral and Energy Board, upon request, to administer and manage the leases of any levee district, state university, state college, state penal or charitable institution, or agency, unit or institution of the state; and

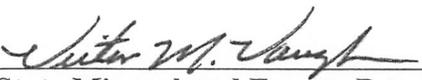
**WHEREAS**, pursuant to Louisiana Revised Statute 30:153, which requires that upon approval by the Louisiana State Mineral and Energy Board to administer such leases of another state agency, that the parties enter into a Cooperative Endeavor Agreement to accomplish this purpose;

**WHEREAS**, the Louisiana Department of Wildlife and Fisheries has requested that the Louisiana State Mineral and Energy Board administer and manage all their mineral leases;

**NOW, THEREFORE, BE IT RESOLVED**, that the Louisiana State Mineral and Energy Board does hereby direct and authorize the Office of Mineral Resources to enter into a Cooperative Endeavor Agreement with the Louisiana Department of Wildlife and Fisheries, in order to administer and manage all their existing and future mineral leases.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 9<sup>th</sup> day of September, 2009, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
\_\_\_\_\_  
State Mineral and Energy Board

RESOLUTION

On motion of Mr. Louis A. Orsatti,  
seconded by Mr. [illegible], the following  
Resolution was offered and adopted:

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

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

CERTIFICATE

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

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Secretary, State Mineral Board

Approved  
JEP

RESOLUTION

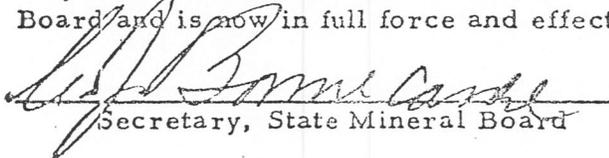
On motion of Mr. McClanahan, seconded by Mr. Berrigan,  
the following Resolution was offered and adopted:

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

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

CERTIFICATE

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

  
Secretary, State Mineral Board

RESOLUTION

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

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

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

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

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



State Mineral Board

## RESOLUTION

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

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

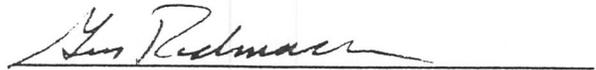
WHEREAS, coastal management projects for coastal reclamation and conservation have been impeded as to surface usage by mineral lessees of the state; and

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

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

## CERTIFICATE

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



State Mineral Board

Upon motion of Mr. Stokes, seconded by Mr. Boucher, the following resolution was offered and, when voted upon was unanimously adopted:

BE IT RESOLVED, that it shall hereafter be the policy of this Board that all protests in regard to the leasing of tracts for oil, gas and minerals be submitted to the Secretary of this Board, at least seven (7) days before the meeting of this Board to receive bids on said tracts and that all protestants, or attorneys acting for them set forth in their protests the source and nature of the title claimed by the protestants, how and when acquired, and by what legal process.

Adopted; July 19, 1956

100

RESOLUTION

Upon motion of Mr. Masters, seconded by Mr. Harrell, the following resolution was unanimously adopted:

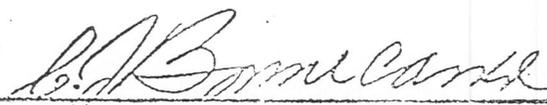
WHEREAS, it has come to the attention of the Board that many companies have been requesting the Board to enter into recoupment agreements where there is a title controversy involving lands leased by the state; and

WHEREAS, the State Mineral Board does not warrant title to lands that it leases;

WHEREFORE, BE IT RESOLVED, that the State Mineral Board suspend consideration of any recoupment agreements wherein there is any title controversy involved.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 20th day of June, 1963, pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
\_\_\_\_\_  
Secretary, State Mineral Board

RESOLUTION

WHEREAS, the Audit Division is in need of minimum standards by which to audit the correctness of royalty payments on plant products tendered to the State of Louisiana; and,

WHEREAS, problems of interpretation of such standards will from time to time arise; and,

WHEREAS, on motion of Mr. Woods, seconded by Mr. Sherrouse, the following Resolution was offered and adopted:

BE IT RESOLVED that the standards or guidelines attached hereto and made a part hereof are approved by the Louisiana State Mineral Board for use by its auditing staff in making its comprehensive study of plant products and processed gas royalty payments, such standards to serve as minimum standards in the performance of the auditing function.

BE IT FURTHER RESOLVED that compliance with these minimum standards by any lessee of the State is not intended to bind or estop any lessee of the State or to bind or estop the State in the event of future dispute or litigation concerning the legal meaning or interpretation of any of the lease forms covered under the attached standards.

BE IT FURTHER RESOLVED that use of these minimum standards by the Audit Division is a matter of administrative convenience and that lessees, in making royalty payments according to these standards, will be free of any necessity to make any special appearance or showing before the Louisiana State Mineral Board concerning the correctness of royalty payments.

BE IT FURTHER RESOLVED that in the event the Audit Division discovers any instances in which lessees are not accounting for royalty payments according to the attached standards, the pertinent information shall be referred to the Royalty Accounting Committee for its consideration and disposition.

BE IT FURTHER RESOLVED, that the Royalty Accounting Committee be and it is hereby authorized to interpret and apply the attached standards to the various fact situations as they arise and to direct the Audit Division staff concerning procedures to be followed in applying the Committee's interpretations of the standards.

BE IT FURTHER RESOLVED, that these guidelines shall be effective January 1, 1971. At this time it is anticipated that all companies submitting royalties on plant products will base their payments on the percentages set forth in the guidelines. If it is found, on the first bi-annual review, that something less than the percentage set forth in the guidelines has been paid by any State lessee, the State Mineral Board contemplates retroactive adjustment for this two year period.

#### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 9th day of December, 1970, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Edward H. Rhorer  
Acting Secretary, State Mineral Board

## GUIDELINES FOR PAYMENT OF ROYALTY ON PROCESSED GAS FROM STATE LEASES

These guidelines are for the audit staff of the State Mineral Board as a guide for their use in determining whether the State's lessees are tendering royalty on plant products and residue gas in a manner considered satisfactory by the Board. It is intended that tendered payments that are found to be consistent with these guidelines may be accepted without further review or action on the part of the Royalty Accounting Committee or the Board.

1. In all cases where gas from State leases is processed royalty should be tendered in 100% of the volume of the residue gas. Residue gas is defined as: all plant source gas delivered by a producer for processing, less shrinkage due to liquid extraction, fuel required for plant equipment necessary for liquid extraction, flare gas, and unavoidable losses.

2. When the State's lessee is having the gas processed under a processing agreement by a plant in which the lessee owns no interest royalty should be tendered on 100% of the products or value thereof as the case may be which are returned to the lessee under the processing agreement.

3. Except as provided in Paragraph 4 hereof, when the State's lessee owns an interest in the plant, and is having the gas processed therein, then initially an allocation of not less than 40% of the value of the liquids extracted should be allocated back to the lease for royalty purposes.

The initial 40% figure should be revised upward or downward bi-annually depending on the annual percentage of net return of the plant determined as hereinafter provided. If such net return is 15% to 20%, then the minimum of 40% should remain unchanged. If net return should increase above 20% or decrease below 15%, the minimum acceptable allocation back to the lease shall be as follows:

For each full percent increase in net return percentage above 20%, the 40% base would be increased by 1/2%. For each full percent decrease in net return percentage below 15%, the 40% base would be decreased by 1/2%.

4. When the State's lessee owns an interest in the plant, and such lessee is processing gas from both its federal and state leases in such plant, then notwithstanding anything to the contrary in Paragraph 3 hereof, such lessee shall allocate back to its state lease(s) for royalty purposes the same percentage of liquids such lessee allocates back to its federal lease(s).
5. In no case should total royalty on residue gas and liquids extracted be less than the royalty which would be payable at the lease on the unprocessed gas.
6. Plant net return for use as provided in Paragraph 3 hereof is to be calculated as follows:
  - A = Proceeds realized at tail gate of plant for liquid products (after fractionation fee if such is based on the fractionator's retaining a portion of the liquids).
  - B = Plant direct operating cost. (This would include cost of transporting plant fuel and shrinkage and any other out-of-pocket expense directly associated with plant operations including ad valorem, and all other applicable taxes.) It would also include fractionation when based on a dollar fee or done as part of the overall plant operations.
  - C = Overhead - 25% of B.
  - D = Value allocated suppliers (percentage of proceeds from liquids (A) returned to leases - amount should be calculated using base percentage allowed State - as if that percentage applied to all leases delivering to the plant - actual settlement bases should be ignored).

E = Depreciation of capital expenditure less salvage value. (Depreciation is to be calculated in accordance with generally accepted accounting practices. Investment to be depreciated is the total capital investment in the plant less all previous depreciation allowed or allowable to the date that the guidelines become effective.)

F = Federal income tax applicable to plant operations calculated using statutory corporate income tax rate which is now 48%.  $E = 48\% \times [A - (B+C+D+E+G)]$

G = State Income Tax.  $G = [A - (B+C+D+E)] \times \text{applicable \% under State Law.}$

$$\text{NET RETURN} = A - (B+C+D+E+F+G)$$

$$\frac{\text{NET RETURN}}{A} = \text{Annual percentage return}$$

7. The reporting requirements and forms to be used are shown in the attachment.
8. Where there are several co-owners of a processing plant, a consolidated or plant report is not expected. Each State lessee having gas processed in any such plant shall separately report its net return from the plant, it being recognized that this may vary with lessees because of variance in plant product prices.

9. (a) These guidelines shall not be applicable in cases where a specific agreement relating to processing specific gas through a specific plant is made between the State and its lessee. In such cases the agreement shall control as to the proper payment of royalty.

(b) These guidelines shall be applicable temporarily to gas produced under the 1966 lease form until experience as to such form has been accumulated. If hereafter it is determined by the State that it is necessary to terminate the applicability of those guidelines to gas under the 1966 forms any new instructions issued to the staff will be prospective from their date of issue and notice thereof to the State's lessees.

NET RETURN REPORT  
 GAS PROCESSING PLANT  
 COMPANY \_\_\_\_\_ PLANT INTEREST \_\_\_\_\_  
 PERIOD \_\_\_\_\_ THROUGH \_\_\_\_\_

A. Proceeds Realized at Tailgate of Plant for Liquid Products

Gallons	Avg. Price	Value
xxx	\$/Gallon \$ .xxx	\$xxx

B. Plant Direct Operating Cost

Operations	\$xxx	
Maintenance	xxx	
Plant Supervision	xxx	
TOTAL	xxx	\$xxx

C. Overhead - 25% of B

D. Value Allocated Plant Suppliers

\$ xxx

E. Depreciation

(Attach Depreciation schedule to this statement and explain method of depreciation)

\$ xxx

F. Federal Income Tax

\$ xxx

G. State Income Tax

\$ xxx

NET RETURN = A - (B+C+D+E+F+G)      \$ xxx

NET RETURN = ANNUAL PERCENTAGE RETURN

A

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

### Legal and Title Controversy Committee

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

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

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

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

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

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

- 1) Whenever a fortuitous event beyond the control of the lessee or operator occurs which may adversely affect lease maintenance of a State mineral lease or operating agreement which is otherwise being properly maintained in full force and effect at the time, it shall be incumbent on the lessee or operator to notify the State Mineral Board through the Office of Mineral Resources staff by telephone at (225) 342-9199, followed timely by written notice deposited in the U.S. mail or other recognized mail carrier for delivery to the Office of Mineral Resources, LaSalle Building, 617 North Third Street, Eighth Floor, 70802, or P.O. Box 2827, Baton Rouge, Louisiana 70812, of said occurrence within a reasonable time after the fortuitous event itself, but certainly not more than ninety (90) days therefrom, unless consequential extenuating circumstances prevent the giving of notice within that time — the sufficiency of consequence and extenuation of said circumstances being within the sole, reasonable determination of the State Mineral Board. In the event of the occurrence of such consequential extenuating circumstances, as subsequently recognized by the Board, notice shall be given at the earliest time allowed by such circumstances. The required notice will clearly state: 1) How the lease was being maintained at the time of the occurrence of the fortuitous event. 2) The nature of the fortuitous event. 3) The resulting effect which prevents the commencement or continuation of lease operations or production. 4) The duration of the fortuitous event and resulting effects. 5) The estimated time necessary to clear up the effects of the fortuitous event.
- 2) Within a reasonable time of the occurrence of the fortuitous event and the written notice thereof lessee or operator shall send to the Office of Mineral Resources any and all evidence surrounding the effects of the fortuitous event — including, but not necessarily limited to, pictures, reports, damage assessments, correspondence between lessee/operator and third parties affecting or being affected by said event and projections of re-establishment of the ability to maintain said lease by lease operations or production; which documentation shall be updated in a continuous and ongoing manner as said information becomes available. The Mineral Board staff, at a meeting called for that purpose, shall examine all documentation and other evidence sent by the lessee or operator and determine, based upon evidence in said documentation, whether or not the event cited by same as the cause of preventing the commencement or continuation of lease operations or production is of such a nature as to warrant force majeure consideration and whether lessee or operator was not itself materially responsible for the occurrence of the fortuitous event (either by negligent commission or omission, deliberate act or failure to take reasonable and timely preventative measures which would have negated or greatly reduced the effects of the fortuitous event, any of which shall be known herein as "lessee's fault"). Should the evidence presented by the documentation indicate that the fortuitous event was brought about by lessee's fault, it shall render use of force majeure to maintain the lease a nullity and said lease must then be maintained solely by any viable, applicable lease term absent reference to force majeure. Any recognition of force majeure by the staff which is based upon incomplete documentary or other evidence (for reasons of temporary unavailability) shall be deemed a conditional force majeure and, should later documentation or other evidence indicate that the fortuitous event was in fact lessee's fault, may be determined by the staff not to be a force majeure situation, such determination to be retroactive to the time of the alleged (but unacceptable) prevention of commencement or continuation of lease operations or production. The State Mineral Board shall be informed of the staff's determination at the next earliest Mineral Board meeting following the said determination. If the lease suffering the effects of the fortuitous event contains any provisions — such as rental payment, deferred development payment, shut-in, in-lieu royalty payment, etc. — by which the lease may be maintained in full force and effect absent the commencement or continuation of lease operations or production (except those leases which specifically state that rental payment is not required if a bona fide force majeure as set forth in the clause occurs), then the operation of the respective, applicable provision shall be utilized to maintain the affected lease in full force and effect, rather than force majeure, until the respective, applicable provision is no longer operative, at which time the State Mineral Board shall determine whether or not force majeure alone may maintain in full force and effect said lease.
- 3) If force majeure is the sole means by which a lease can be maintained due to the occurrence of an applicable fortuitous event, then such lease may be maintained if notice of such event is timely given to the State as hereinabove set forth, and further, the Mineral Board staff has determined that the event was not caused by lessee fault. The Mineral Board does herein grant the Secretary for the Office of Mineral Resources - and any other party to whom he so delegates said responsibility - the authority to grant recognition of a force majeure occurrence and so notify the lessee/operator in writing, which writing shall notify lessee/operator of its obligation to send monthly reports in writing, beginning on the first day of the month following notice of recognition of force majeure, of lessee/operator's efforts to ameliorate the effects of the fortuitous event, any progress which has occurred during the month since the previous report and the estimated time for cessation of the force majeure

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

### *Legal and Title Controversy Committee*

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

**WHEREAS**, a request was made by OMR Staff for Board interpretation of certain language contained in Revised Statute 30:125(B) (registration with OMR) as it relates to the liquidated damage assessment to be levied against the lessee if the lessee does not timely submit the proper Secretary of State renewal certificate.

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

**NOW BE IT THEREFORE RESOLVED**, that the liquidated damage assessment provided for in Revised Statute 30:125(B) be applied per lessee with a graduated scale for continued lack of cooperation in registering with the Office of Mineral Resources as required by law.

### **CERTIFICATE**

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 8<sup>th</sup> day of March 2006, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.

  
Louisiana State Mineral Board

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

### Legal and Title Controversy Committee

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

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

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

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

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

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

"It is further agreed that this lease is subject to the provisions of LA. R.S. 30:127(G), and that access by the public to public waterways through the state lands covered by the lease shall be maintained and preserved for the public by the lessee.

It is further agreed that in addition to all other audit rights otherwise set forth in this lease or required by the law, the State Mineral Board shall have the same audit rights which the United States of America would have under 30 U.S.C. 1713(a) and under State of Louisiana Act 449 of 2005, Regular Session, and that both provisions may be applied retroactively.

It is further agreed that to the extent this lease contains any 'acreage retention' clause or clauses, lessee may not retain acreage where the state has been successful in obtaining a final unappealable judgment dissolving the lease for reasons other than non-development.

Lessor and Lessee further agree that so long as it remains in effect this lease is an executory contract and unexpired lease within the meaning of Section 365 of the United States Bankruptcy Code."

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

"It is further agreed that this lease is subject to the provisions of La. R.S. 30:127(G), and that access by the public to the public waterways through the state lands covered by the lease shall be maintained and preserved for the public by the lessee.

It is further agreed that in addition to all other audit rights otherwise set forth in this lease or required by the law, the State Mineral Board shall have the same audit rights which the United States of America would have under 30 U.S.C. 1713(a) and under State of Louisiana Act 449 of 2005, Regular Session, and that both provisions may be applied retroactively.

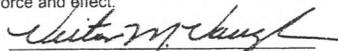
It is further agreed that to the extent this lease contains any 'acreage retention' clause or clauses, lessee may not retain acreage where the state has been successful in obtaining a final unappealable judgment dissolving the lease for reasons other than non-development.

Lessor and Lessee further agree that so long as it remains in effect this lease is an executory contract and unexpired lease within the meaning of Section 365 of the United States Bankruptcy Code."

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

### CERTIFICATE

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

  
State Mineral Board

# RESOLUTION

LOUISIANA STATE MINERAL BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

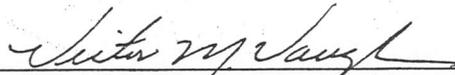
**WHEREAS**, a request by staff for a change in policy which authorizes the staff to re-advertise for lease tracts which are rejected for insufficient consideration from re-advertising for lease at the sale two months from the sale in which the tract is rejected to just authorization to re-advertise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

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

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

### CERTIFICATE

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



LOUISIANA STATE MINERAL BOARD

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

### LEGAL AND TITLE CONTROVERSY COMMITTEE

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

WHEREAS, a request was made by staff for final approval of proposed amendments to LAC 43:901 and 903 to provide for notice to surface rights owners on property for which the state owns the mineral rights and awards a mineral lease on said property;

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

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the Board grant final approval of the proposed amendments to LAC 43:901 & 903 as follows:

#### LAC 43:901

##### C. Application for Leasing:

- 1) Application for nomination generally must include a diskette or CD-ROM containing a .dxf format of the proposed nominated tract polygon and a word.doc legal description of the same proposed nominated tract which must exactly match the tract polygon exploded from the .dxf as to Z,Y coordinates along the polygon outline based on the Lambert Coordinate System; a paper copy of the plat and the legal description which each must match the .dxf exploded polygon and the word.doc; an electronic .pdf file of the plat; a letter of application completely and accurately filled out and a non-refundable check in the amount of the nomination fee as set forth in R.S. 9:301(2) (presently \$400). More detailed requirements and certain exceptions are contained in the Leasing Manual available on the Department of Natural Resources (DNR) website at <http://dnr.louisiana.gov/min/petlan/leasing.asp>.
- 2) Pursuant to R.S. 30:125, the form of the submitted nomination, when a nomination for a state mineral lease is made on property for which the state owns the mineral rights, but not the surface rights, shall require the nominating party to obtain from the parish tax rolls for the parish in which the property is located the listed surface owners' names and their current addresses and submit that list to the state with the other required materials when making a nomination.

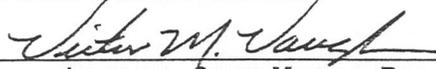
#### LAC 43:903

##### F. Awarded Leases:

- 1) Awarded leases are prepared by the staff of the Office of Mineral Resources and sent to the new lessee for signature and recordation in the parish records of the parish(s) in which the lease acreage is located. A fully signed and executed copy of the lease, with recording information, shall then be returned to the Office of Mineral Resources within 20 days of receipt therefrom (failure to so return may result in forfeiture of lease) and shall be filed in the lease records of that parish.
- 2) Pursuant to R.S. 127, when the mineral board accepts a bid and awards a lease on a tract for which the state owns the mineral rights, but not the surface rights, the staff of the Office of Mineral Resources shall send written notification of the lease awarded, including the name of the new lessee and its address, to each owner of the surface rights provided by the nominating party at the provided address(es) provided within 30 days of the awarding of the lease. The state shall not be liable to provide notice other than to the surface owners provided by the nominating party at the provided address.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 8th day of April, 2009, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.

  
\_\_\_\_\_  
LOUISIANA STATE MINERAL BOARD

# RESOLUTION

LOUISIANA STATE MINERAL BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

*WHEREAS*, a request was made by Staff that the Board further consider the criteria presented at the April 8, 2008 Mineral Board Meeting for waiver of liquidated damages assessed for late release to include additional factors in making a determination for waiver for all or part of liquidated damage assessments;

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

*NOW, BE IT THEREFORE RESOLVED*, that the Committee recommends that the Board grant final approval of the following criteria for considering requests for waivers of all or a portion of liquidated damage assessments for late release of terminated leases and that said criteria be posted on the Department of Natural Resources (DNR) website for the public:

### CRITERIA FOR WAIVER OF LIQUIDATED DAMAGES FOR THE LATE RELEASE OF A STATE MINERAL LEASE

- A. **FIRST INFRACTION:** Complete waiver of the entire assessment.
- B. **SUBSEQUENT INFRACTIONS:** Determine the percentage of total acreage that was released late.

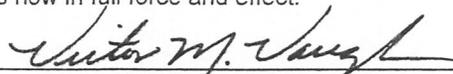
$$\frac{\text{Amount of acreage released late}}{\text{Total leased acreage}} = X$$

Multiply that amount by the liquidated damage assessment or the original lease bonus amount, whichever is less, to reduce further.

- C. The Mineral Board may waive the entirety or a further portion of the liquidated damage assessment for cause, or, if the circumstances of the late release demonstrate misconduct or bad faith, the Board may determine that no reduction of the assessment is warranted. In making a determination, the board will consider, among other factors, the following:
- 1) The number of prior appearances before the board requesting waivers.
  - 2) The number of days late before release recordation.
  - 3) Present leasing activity in the area.
  - 4) The severity/conditions of the request.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 13th day of May, 2009, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.

  
\_\_\_\_\_  
LOUISIANA STATE MINERAL BOARD

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

On motion of \_\_\_\_\_ Ms. Smith \_\_\_\_\_, duly seconded by \_\_\_\_\_ Mr. Arnold \_\_\_\_\_, the following Resolution was offered and unanimously adopted:

WHEREAS, the State of Louisiana through the State Mineral Board is a party to a significant number of mineral leases, operating agreements, exclusive and non-exclusive geophysical agreements (hereinafter referred to collectively as "State leases"), with numerous parties, lessees, operators, and payors; and

WHEREAS, the nature of the oil and gas exploration and production industry is speculative and susceptible to significant market driven forces; and

WHEREAS, these market forces often place the parties, lessees, operators, and payors in the position of filing for bankruptcy protection under the laws of the United States of America; and

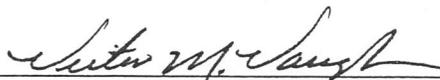
WHEREAS, the State Mineral Board, being the contracting entity in the State leases, has an inherent interest as a creditor in the bankruptcy proceeding of the numerous parties, lessees, operators, and/or payors seeking bankruptcy protection under the laws of the United States of America; now therefore

BE IT RESOLVED, that the State Mineral Board does hereby authorize and approve the Office of Mineral Resources, Mineral Income Division, to conduct all appropriate and necessary audits of any party, lessee, operator, and/or payor, of a State lease, that has, or may, file for bankruptcy protection under the laws of the United States of America. Said audits are necessary to ensure that the State Mineral Board's claims, royalties, and exceptions are accurately represented in the bankruptcy process.

BE IT FURTHER RESOLVED, that the Office of Mineral Resources, Mineral Income Division, shall comply with all applicable bankruptcy laws and procedures of the United States of America, and the Office of Mineral Resources, Mineral Income Division, shall work in conjunction with the assistance of counsel before engaging in the above authorized audit procedures during a bankruptcy.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, State of Louisiana, on the 12<sup>th</sup> day of August, 2009, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral Board

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

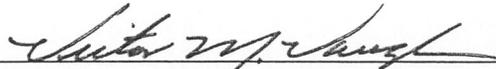
**WHEREAS**, a request was made by the legal staff for a Resolution granting the Attorney General's office the authority to turn down third party offers to purchase claims in Bankruptcy Court;

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

**NOW, BE IT THEREFORE RESOLVED**, that the Committee recommends that the Board grant approval of a Resolution which would grant the Attorney General's office the authority to turn down third party offers to purchase claims in Bankruptcy Court.

### CERTIFICATE

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



LOUISIANA STATE MINERAL AND ENERGY BOARD

WHEREAS, various problems and difficulties have been experienced by State Banks in Liquidation in presenting duly signed and executed oil, gas and mineral leases to the State Mineral Board for consideration; and

WHEREAS, it appears advisable to liberalize the general policy of the Board in requiring completely executed leases to be passed on by the Attorney General's office from the standpoint of form and legality and for subsequent Board action;

BE IT RESOLVED, that hereafter and until the policy hereby announced is changed, the State Mineral Board will consider and approve or disapprove oil and gas leases contracted to be granted by State Banks in Liquidation provided:

- (a) A conforming copy of the lease to be executed is placed on the docket ten days before the oncoming meeting of the Board, and, provided
- (b) A Letter Agreement is signed by the Lessor and Lessee to the effect that such parties shall enter into an oil, gas and mineral lease, under the exact terms, provisions and conditions of the conforming copy, should the State Mineral Board approve the lease, such Letter Agreement to accompany the conforming copy of the proposed lease.

BE IT FURTHER RESOLVED, that either the Chairman or the Secretary of the State Mineral Board be authorized to signify the approval of the State Mineral Board to the said lease by affixing his signature thereto.

Adopted: November 16, 1956

BUDDY ROEMER  
GOVERNOR

T. JAY SEALE, III  
CHAIRMAN

## State of Louisiana



STATE MINERAL BOARD

Baton Rouge

(504) 342-4615

### IMPORTANT NOTICE

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

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

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

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

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

RONALD S. JOHNS, VICE-CHAIRMAN  
3620 MAPLEWOOD DRIVE  
SULPHUR, LA 70663  
(318) 625-4025

GERALD J. MCLINDON  
635 RIVEROAKS PLACE  
BATON ROUGE, LA 70815  
(504) 926-4728

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

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

**FROM:** EDWARD H. RHORER, DEPUTY ASSISTANT SECRETARY *EHR*

**DATE:** February 19, 1991

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

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

Regardless of any reasons the affected mineral lessees may have had for allowing excessive 7(c) damages to accrue, and notwithstanding any past acceptance by or on behalf of the Mineral Board of compromise sums in settlement of litigated claims for 7(c) damages, the stated policy of the Mineral Board shall be the scrupulous levying of all 7(c) damages allowable and the vigorous collection of the entirety of those 7(c) damages levied. While the Mineral Board reserves the right to consider mitigating circumstances in limited situations when assessing 7(c) damage claims for settlement purposes, the prevailing general policy of the Mineral Board shall be to collect all 7(c) damages in full.

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

EHR:mbk

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## RESOLUTION

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

**WHEREAS**, the United States Congress is presently considering amendments to Title 11 of the United States Code with H.R. 3150, the Bankruptcy Reform Act of 1998; and

**WHEREAS**, 11 USC § 365 of the Bankruptcy Code requires trustees to make a decision to "assume or reject" executory contracts or unexpired leases and, for those which are assumed to cure all defaults and provide adequate assurance of future performance of such contracts and leases; and

**WHEREAS**, the issue of whether mineral leases are executory contracts or unexpired leases under 11 USC § 365 is subject to varying interpretation, and is hotly debated, as shown by cases such as In Re WRT Energy Corp., 202 B.R. 579 (Bankr. W.D. La. 1996) (standard Louisiana mineral leases are not executory contracts or unexpired leases under court's 11/13/96 Order); Texaco, Inc. v. Louisiana Land and Exploration Co., 136 B.R. 658 (M.D. La. 1992) (mineral lease is an executory contract); and In Re Ham Consulting Co./William Lagnion/JV, 143 B.R. 72 (Bankr. W.D. La. 1992) (Louisiana mineral leases are executory contracts or unexpired leases); and

**WHEREAS**, the Board is clearly of the belief that mineral leases and operating agreements issued by the State of Louisiana constitute executory contracts or unexpired leases within the intentment of Section 365, for numerous reasons, including :

- 1) The State Leases and operating agreements create continuing obligations on the part of both the State and the Debtor which place these contracts squarely within the meaning of executory contracts. Under Louisiana Civil Code Article 2669 a "synallagmatic contract" is one by which one party gives to the other the enjoyment of a thing, for a fixed price. The term "synallagmatic", or bilateral, is defined in La. Civ. Code art. 1908 as a contract in which "the parties obligate themselves reciprocally, so that the obligation of each party is correlative to the obligation of the other." Thus, Louisiana leases and operating agreements by their nature create obligations on the part of both the lessor and lessee.
- 2) The Louisiana Mineral Code recognizes the existence of obligations on the part of both the lessor and lessee in an oil and gas lease and sets out these obligations at La. R.S. 31:119-121 ("The Obligations of the Lessor") and La. R.S. 31:122-125 ("The Obligations of the Lessee"). La. R.S. 31:119 provides: "A mineral lessor is bound to deliver the premises that he has leased for use by the lessee, to refrain from disturbing the lessee's possession, and to perform the contract in good faith." The Mineral Code, at R.S. 31:120, also provides that, unless warranty is expressly excluded or limited in the lease, the lessor impliedly warrants title to the leased premises.
- 3) In addition to the obligations imposed on the lessor by the Mineral Code, mineral lessors and operators as well as the State are bound pursuant to Louisiana Civil Code Article 2054 "to whatever the law, equity, or usage regards as implied in a contract of that kind or necessary for the contract to achieve its purpose." In order to achieve prudent and efficient mineral development of state lands and waterbottoms, State Leases necessarily impose additional obligations on the State. For instance, State approval is required for maintenance of the lease through the payment of shut-in-royalties. State approval is also required for the commingling of production from various properties.
- 4) Additionally, the most recent State Leases contain a rider which requires State approval prior to the interstate sale of state gas. Moreover, unitization - a practical necessity owing to the unique character of State lands in South Louisiana, most of which are not lands at all but rather waterbottoms - requires State approval and participation throughout the life of the unit. Moreover, pursuant to La. R.S. 30:128, "no transfer or assignment in relation to any lease of minerals or mineral rights owned by the state shall be valid unless approved by the State Mineral Board." The leases themselves contain language requiring approval. This specific requirement applies to all State leases unlike the private, standard Louisiana oil, gas & mineral leases the court examined in WRT Energy Corp.
- 5) As set forth in Frey v. Amoco, 603 So. 2d 166 (La. 1992) (answering certified question from United States Fifth Circuit Court of Appeals), and Henry v. Ballard & Cordell Corp., 418 So.2d 1334 (La. 1982), the Louisiana Supreme Court has characterized the lessor/lessee relationship under Louisiana law as a joint venture and, in effect, an agreement to divide profits. As the court noted in Frey, "the parties enter into a mineral lease in expectation of making a profit, and towards that end, incur reciprocal obligations" from the synallagmatic contract of lease. Frey, 603 So.2d at 180.
- 6) The mineral lessee under a State Lease also has numerous ongoing obligations. Under La. R.S. 31:122, the lessee is bound to act as a reasonably prudent operator. These implied obligations are in addition to the obligations under the lease to pay royalties on production and to make all other required payments to the lessor for maintenance of the lease.
- 7) While both the State and bankruptcy debtors would normally have substantial obligations that have not been fully performed under the State Leases or operating agreements, the debtor's remaining obligations alone are generally sufficient for the leases or operating agreements to be executory contracts and thus subject to Section 365.
- 8) State Leases are unexpired leases of nonresidential real property. In Louisiana, a mineral lease is indeed a lease, not a freehold interest like in some states. Under La. R.S. 31:16, all mineral leases are real rights. Thus, for example, because an oil and gas lease is a real right, the lessee is entitled to obtain "a right of passage over neighboring property to the nearest public road" pursuant to article 689 of the Louisiana Civil Code if the mineral lease is an enclosed estate. See, Salvex, Inc. v. Lewis, 546 So.2d 1309 (La. App. 3<sup>rd</sup> Cir.), writ den., 551 So.2d 1323 (La. 1989). See also, St. Charles Land Trust v. St. Amant, 217 So.2d 385, (La. 1969) *reh'g den.*, (incorporeal immovable for tax purposes); Succession of Simms, 195 So.2d 114 (La. 1966) (on *reh'g*) (immovables and real obligations for choice of law purposes); Under La. R.S. 31:18 a mineral right is an incorporeal immovable; and

**WHEREAS**, bankruptcies of lessees and operators of state oil, gas and mineral leases and operating agreements pose significant issues of accountability for royalties and other payments which may be owed as well as issues of environmental cleanup and restoration, both of which could be satisfactorily resolved by amending Section 365 to clearly state that oil, gas and mineral leases and operating agreements issued by a state government for state owned property shall be considered executory contracts and leases of nonresidential real property.

**NOW THEREFORE, BE IT RESOLVED** that the State Mineral Board by these presents does hereby request the Louisiana congressional delegation to use its best efforts to secure an amendment to Section 365 of Title 11 of the United States Code to clearly state that oil, gas and mineral leases and operating agreements issued by a state government for state owned property shall be considered executory contracts and leases of nonresidential real property.

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

## CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 10<sup>th</sup> day of June, 1998, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral Board

On motion of Mr. Cheramie, seconded by Mr. Woods, the Board adopted the following Resolution:

WHEREAS, the Policy Committee of the Board recommends that standards be adopted for the staff as to the treatment of commingling proposals and applications submitted to the Board.

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

- 1) All inshore commingling matters that comply with the provisions of Department of Conservation Order 29-D and all offshore proposals in which the operators have provided a positive measuring or metering system from individual fields, and/or separate lease interests within a field, and,
- 2) Commingling applications involving attic oil recovery projects where there is marginal production.

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

BE IT FURTHER RESOLVED, that all previous commingling policy resolutions of this Board be and they are hereby set aside, insofar as they conflict with this resolution.

Adopted: January 13, 1966

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

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

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

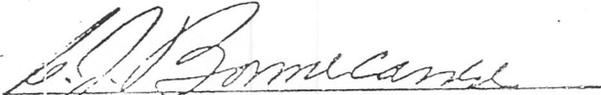
- 1) All inshore commingling matters that comply with the provisions of Department of Conservation Order No. 29-D;
- 2) All offshore commingling matters that comply with the Supplement to Order No. 29-D, in which the operators additionally have provided for positive measuring or metering of production from the individual fields in a common system, and/or from separate leases having differing State royalty interests within a field;
- 3) Proposals involving production from new units, if commingled on same basis as previously authorized for production from the leases contributing to these units;
- 4) Addition of leases or units to an existing system if in conformance with established authority within the field;
- 5) Allocation of production, from leases providing for a common State royalty, on the basis of bi-monthly (DMI-R) well tests;
- 6) Proposals involving allocation of liquids recovered by dehydration units, scrubbers, precipitators, skimmers, settling pits, gunbarrels and/or similar types of equipment serving a number of leases;
- 7) Applications involving secondary recovery projects where there is marginal production;

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

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

#### CERTIFICATE

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

  
Secretary, State Mineral Board

RESOLUTION

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

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

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

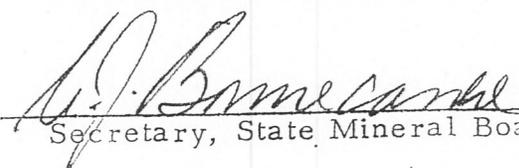
WHEREAS, the Policy Committee considered at its meeting on February 10, 1976 that the customary 90 days previously allowed the Lessee and/or Operator for the formation of a reasonable unit may not be sufficient time,

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

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

CERTIFICATE

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

  
Secretary, State Mineral Board

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

**ON MOTION** of Mr. Stiel, seconded by Mr. Domino, the following Resolution was offered and unanimously adopted:

**WHEREAS**, the State Mineral Board adopted a Resolution at its April 11, 1973 meeting authorizing, among other things, the Secretary or Staff member designated by him to waive Department of Conservation Statewide Order No. 29-E spacing requirements provided a reasonable unit for the well is proposed and pending; and,

**WHEREAS**, it has been determined that the formation of a unit for a drilled well which otherwise violates Statewide Order No. 29-E is not always most beneficial to the State; and,

**WHEREAS**, the Resolution passed by the Board on April 11, 1973 requires modification to allow waiver of Statewide Order 29-E for any situation which may be deemed most beneficial to the State.

**NOW THEREFORE, BE IT RESOLVED**, that the Secretary of the Louisiana State Mineral Board and any Staff member(s) so designated by him, be and they are hereby authorized on behalf of the Board to waive Department of Conservation Statewide Order No. 29-E spacing requirements in any situation which they deem most beneficial to the State, PROVIDED, that any such waivers exercised by the Secretary and designated Staff member(s) are reported to the Fact Finding Committee at the next regular Mineral Board meeting following the exercise of said authority.

### CERTIFICATE

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

  
STATE MINERAL BOARD

RESOLUTION

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

WHEREAS, in lawsuits filed on behalf of the State Mineral Board in the past involving monetary amounts, the stating of said monetary amounts in the lawsuit, together with interest and penalty when warranted, may have inadvertently misled the public as to the non-litigation value of said lawsuits when taken in consideration with risk factors inherent in litigation; now then

BE IT RESOLVED, that, henceforth, the Mineral Board instructs all counsel handling litigation on its behalf to refrain from setting forth any monetary amounts in pleadings filed therein, but rather to refer to "royalty owed together with interest and penalty thereon" or some such similar language which will adequately convey the nature of the claim.

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



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State Mineral Board

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

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

**WHEREAS**, the Mineral Board has previously adopted resolutions pertaining to the payment of royalties and recoupments or adjustments; and

**WHEREAS**, such resolutions have been amended, cancelled or superseded by new resolutions in order to provide policies to meet changing conditions; and

**WHEREAS**, the staff has advised that a significant number of routine errors in reporting royalty payments are for recoupments or adjustments that amount to \$25,000 or less, and that these royalty adjustments are to LUW codes, LUW codes within the same field, or adjustments between gas royalty and plant products royalty; and

**WHEREAS**, the staff has also advised that these recoupments or adjustments account for the majority of staff time spent in auditing recoupment requests; and

**WHEREAS**, in recognition that the Mineral Income Division has limited staff to address all audit needs, and time can be more productively utilized in performing continuing audits rather than auditing recoupment requests; and

**WHEREAS**, the staff recommends that the Director of the Mineral Income Division or persons designated by the Director be authorized to allow adjustments based on calculation or related errors amounting to \$25,000 or less to LUW codes for the same disposition date and product type, adjustments between LUW codes within the same field amounting to \$25,000 or less for the same disposition date and product type, and adjustments between gas royalty payments and plant products royalty payments amounting to \$25,000 or less for the same disposition date; all such adjustments subject to audit;

**THEREFORE, BE IT RESOLVED**, that the Director of the Mineral Income Division or persons designated by the Director be authorized to allow adjustments based on calculation or related errors amounting to \$25,000 or less to LUW codes for the same disposition date and product type, adjustments between LUW codes within the same field amounting to \$25,000 or less for the same disposition date and product type, and adjustments between gas royalty payments and plant products royalty payments amounting to \$25,000 or less for the same disposition date, subject to audit; and

**BE IT FURTHER RESOLVED**, that the Board maintains its policy not to consider adjustments based on title.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 11<sup>th</sup> day of April 2007, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral Board

# RESOLUTION

## LOUISIANA STATE MINERAL BOARD

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

**WHEREAS**, the State Mineral Board, under LA. R. S. 30:136, may assess to payors of State royalty a penalty for the late payment of royalty and audit billings, and additionally may waive all or part of the assessed penalty for cause; and

**WHEREAS**, the Board, dissatisfied with the handling of requests for waiver of penalties assessed on late payments of royalty under LA. R. S. 30:136 did in April, 1994 abolish the policy established in 1989 by a prior Board regarding same, and has, since that time, handled requests for waiver on a case-by-case basis; and

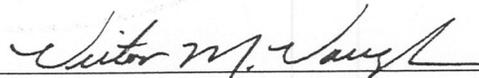
**WHEREAS**, the Board does now wish to establish a policy which will ensure consistency in the handling of penalty waiver requests and assure that penalties for late payment of royalty and audit billings are fairly assessed and timely collected;

**THEREFORE, BE IT RESOLVED**, that the Board does herein and hereby unanimously adopt the penalty waiver protocol as presented by staff; and

**BE IT FURTHER RESOLVED**, that requests for waiver of penalties assessed for the late payment of royalty and audit billings shall be handled utilizing the newly adopted penalty waiver protocol.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana on the 12<sup>th</sup> day of March 2008, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral Board

## Penalty Waiver Protocols

The authority to waive all or part of assessed penalties is granted to the State Mineral Board under LA. R. S. 30:136.

### Failure to Pay Royalties Timely – Liquidated Damages

Penalty: 10% of total sum due up to a maximum of \$1,000 (R.S. 30:136(B)(2))

Waivers: May be granted by the Assistant Secretary or his designee in whole for cause or in part based upon the following schedule. (State Mineral Board Resolution dated December 12, 2007.)

100% for cause; or in part in accordance with the following:  
75% reduction in penalty on royalty amounts outstanding up to 3 years  
50% reduction in penalty on royalty amounts outstanding up to 6 years  
0% reduction in penalty on royalty amounts outstanding over 6 years

### Incorrect Royalty Reporting – Liquidated Damages

Penalty: 5% of total sum due or paid up to a maximum of \$500 (R.S. 30:136(B)(1))

Waivers: May be granted by the Assistant Secretary or his designee in whole for cause or in part based upon the following schedule. (State Mineral Board Resolution dated May 10, 2006.)

100% reduction for the first infraction  
75% reduction for the second infraction  
50% reduction for the third infraction  
0% reduction for more than three infractions

### Failure to File a Payor Notification Form – Liquidated Damages

Penalty: \$1,000 per LUW code not reported (R.S. 30:136(A)(1)(b))

Waivers: May be granted by the Assistant Secretary or his designee in whole for cause or in part based upon the following schedule. (State Mineral Board Resolution dated May 10, 2006.)

100% reduction for the first infraction  
75% reduction for the second infraction  
50% reduction for the third infraction  
0% reduction for more than three infractions

Late Payment of Royalty – State General Fund Revenues

Penalty: 60 day grace period given; penalty assessed at 2% on the 61st day late and an additional 2% each 30 day period thereafter, or fraction thereof, up to a maximum of 24% on the late payment or non payment of royalty. The penalty shall be in addition to interest at the legal rate compounded monthly. Both the penalty and the interest on the penalty shall accrue to the principal and interest accumulated at the end of each 30 day period or fraction thereof. (R.S. 30:136(B)(3))

Waivers: May be granted by the Assistant Secretary if \$10,000 or less is assessed or by the State Mineral Board if the assessment is greater than \$10,000 based upon recommendations from the staff. Staff recommendations are made using the following rating system. (State Mineral Board Resolution dated December 12, 2007.)

- 100% for cause; or in part in accordance with the following:
- 75% reduction in penalty on royalty amounts outstanding up to 3 (three) years
- 50% reduction in penalty on royalty amounts outstanding up to 6 (six) years
- 0% reduction in penalty on royalty amounts outstanding up to 6 (six) years

Field Audit Penalties – State General Fund Revenues

Penalty: 60 day grace period given; penalty assessed at 2% on the 61st day late and an additional 2% each 30 day period thereafter, or fraction thereof, up to a maximum of 24% on the late payment or non payment of royalty. The penalty shall be in addition to interest at the legal rate compounded monthly. Both the penalty and the interest on the penalty shall accrue to the principal and interest accumulated at the end of each 30 day period or fraction thereof. (R.S. 30:136(B)(3))

Waivers: May be granted by the Assistant Secretary if \$10,000 or less is assessed or by the State Mineral Board if the assessment is greater than \$10,000 based upon recommendations from the staff. Staff recommendations are made using the following rating system.

- Outstanding = 100% reduction, if score is 10 points
- Good = 75% reduction, if score is 8 – 9 points
- Average = 50% reduction, if score is 6 – 7 points
- Fair = 25% reduction, if score is 4 – 5 points
- Poor = 0% reduction, if score is 0 – 3 points

Elements for Determination of Rating:

1. Has the Company been audited before?  
0 points = same problems as previous audit(s)

1 point = some of the same problems are billed; some had been corrected  
2 points = first audit; or if only new issues, different from prior audit

2. Was the Company cooperative with accommodations and scheduling?  
0 points = not at all  
1 point = somewhat cooperative  
2 points = very cooperative
3. Did the Company provide ready access to key personnel and records?  
0 points = not at all  
1 point = difficulty with personnel, or records, but not both  
2 points = very timely responses to questions or requests for more records
4. Were all issues paid timely?  
0 points = none  
1 point = partial payment  
2 points = full payment
5. Did the Company take steps to prevent recurrence of errors on future royalty?  
0 points = not at all  
1 point = some corrective measures were implemented  
2 points = company corrected problems or is in the process of doing so

WHEREAS, the State Mineral Board is involved in numerous title disputes involving State owned lands and water bottoms; and

WHEREAS, it is essential and necessary that every effort be exerted to provide for a proper preparation and defense of the State's title; and

WHEREAS, the Attorney General is unable in many instances, because of staff limitations, to provide adequate legal counsel and, with approval of the Board, has on occasion, recommended special legal counsel; and

WHEREAS, the Legislature has appropriated monies in a special inland litigation account, one of the purposes of which is payment of fees and expenses in connection with suits involving State owned lands and water bottoms; and

WHEREAS, the Board desires to establish a policy in regard to payment of fees for special counsel as approved by the Board;

NOW THEREFORE BE IT RESOLVED, that the fees for special legal counsel be paid in the following manner, namely, one-half to be paid at the beginning of the controversy and the remaining one-half to be paid upon the completion of the litigation for which the fee has been agreed upon and approved by the Board.

Adopted: June 15, 1959

On motion of Senator Jones, seconded by Mr. Jarrell, the following resolution was adopted by the State Mineral Board of the State of Louisiana:

"That in any litigation pending now or in the future, the attorneys for the Board are authorized, in cases where funds in dispute are deposited in the registry of the Court, to cause the investment of such funds in the manner provided by law for the investment of idle funds, so as to secure interest on such funds during the pendency of any such proceedings."

Adopted: January 14, 1965

On motion of Mr. [Signature] seconded by  
Mr. [Signature], the following resolution was adopted:

BE IT RESOLVED, that the Secretary of the State Mineral Board, with the concurrence and approval of the Personnel and Budget Committee, be and he is hereby delegated all authority concerning State Civil Service and unclassified positions that the Board might exercise, including but not by way of limitation, the authority to make and terminate appointments to positions in the State Civil Service. This authority is limited to positions below that of "Division Heads".

CERTIFICATE

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

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 Secretary, State Mineral Board

RESOLUTION

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

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

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

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

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

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

CERTIFICATE

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

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Secretary, State Mineral Board

**RESOLUTION**

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

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

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

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

**CERTIFICATE**

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

Edward A. Rhorer  
State Mineral Board

## RESOLUTION

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

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

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

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

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

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

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

**CERTIFICATE**

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

  
\_\_\_\_\_  
STATE MINERAL BOARD

## RESOLUTION

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

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

- a) insure the proper and timely clean up, closure and restoration of oilfield sites located on state lands and waterbottoms;
- b) insure that lessees operating on state lands and waterbottoms have the resources to not only explore, develop and produce oil and gas, but to provide for proper and timely plugging, abandonment and site restoration at such time in the future as required; and
- c) minimize the state's financial liability for plugging, abandonment and site restoration of wells without responsible parties in the spirit of Act 404 of the Regular Session of the 1993 Louisiana Legislature (La.R.S. 30:80, et seq.).

### **NOW THEREFORE, BE IT RESOLVED THAT:**

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

- a) plat showing the location of all wells and oilfield sites located on state leases; and
- b) current status, plans for utility and plugging and abandonment of each well and restoration of each oilfield site.

### **CERTIFICATE**

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

  
\_\_\_\_\_  
State Mineral Board

**RESOLUTION**

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

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

**WHEREAS**, the State Mineral Board, at its August 9, 1995, meeting, delayed implementation of that resolution; and

**WHEREAS**, the State Mineral Board staff has developed procedures to implement the policies announced in said resolution and by separate resolution to be adopted this date, the State Mineral Board will replace said resolution.

**NOW THEREFORE, BE IT RESOLVED THAT** the resolution adopted at the State Mineral Board meeting of June 14, 1995, stating that the Fact Finding Committee would require additional information from Lessees in the Fact Finding process is hereby rescinded.

**CERTIFICATE**

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

  
\_\_\_\_\_  
State Mineral Board

RESOLUTION

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

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

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

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

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

CERTIFICATE

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

  
\_\_\_\_\_  
State Mineral Board

RESOLUTION

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

WHEREAS, the State Mineral Board on the 14th day of March, 1973, adopted a rider to be attached to and made a part of all leases thereafter granted or awarded by said Board; and

WHEREAS, one of the primary objectives of the said rider is to enable the State of Louisiana to retain a fair and reasonable share of gas from the public domain to be used within the State of Louisiana; and

WHEREAS, the Board, in conformity with the wishes of the Governor and their conviction, firmly believes that unity of effort by the Board and the administration of the public domain, insofar as oil and gas matters are concerned, and all agencies of the State in each of their individual capacity administer oil and gas and mineral leases under its jurisdiction, maintain a unity of effort toward a common objective, as stated above; and

WHEREAS, the Governor, at a meeting held on February 1, 1973, expressed a desire as follows:

"We are interested in conserving natural gas produced within our State borders and offshore under our jurisdiction and committing its use as much as possible within limitations of engineering and legal provisions, to use by Louisiana citizens. That activity will require the cooperation and assistance of companies represented by many of you in this room today. It will require, in my opinion, cooperation of state and local government, business and industry involved in this area."; and

WHEREAS, in addition the Governor stated:

".....In our joint efforts we can together as sane, sensible, responsible thinking, planning people move to do something which we should have done a long time ago, and that is to plan for our future and to make maximum utility of natural resources long ago made available to us."; and

WHEREAS, the Mineral Board in conformity with the wishes of the Governor heartily subscribes to and believes that unity of effort by the Board and the administration of the public domain, insofar as oil and gas matters are concerned, and all agencies of the State in each of their individual capacity, administer oil and gas and mineral leases under its jurisdiction, maintain a unity of effort toward a common objective, as stated above.

NOW, THEREFORE, BE IT RESOLVED that when the State Mineral Board is requested to approve a lease awarded by the State Agency in conformity with the provisions of Chapter 2, Title 30 of the Revised Statutes of 1950, as amended, there should be attached to the agency lease form now in use by the agency in such transaction, the rider that was adopted by the Board on March 14, 1973.

BE IT FURTHER RESOLVED that the State Mineral Board shall look with disfavor on any lease which does not include in substance the rider aforesaid.

BE IT FURTHER RESOLVED that a copy of this Resolution be circulated on the regular mailing list of the Board and, additionally, that same be published in the Official State Journal of the State of Louisiana on April 18, April 25, and May 2, 1973.

## CERTIFICATE

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

  
Secretary, State Mineral Board.

RESOLUTION

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

WHEREAS, on March 14, 1973, the Mineral Board adopted a rider to be attached to its 1966 Louisiana Lease Form relating to the marketing of natural gas in the State of Louisiana, and

WHEREAS, the provisions of this rider were by Board action on July 11, 1973, extended in part to other minerals, and

WHEREAS, the Board desires to further revise and amend the latter provision

NOW THEREFORE BE IT RESOLVED that Paragraph 5 of the rider to the current lease form previously adopted and amended as set forth above, be and it is hereby altered to read as follows:

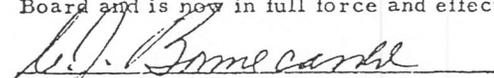
- 5(a) "If either oil or other liquid hydrocarbon minerals is produced, in paying quantities, from the lease premises or on lands pooled or unitized therewith, such minerals, insofar as they are attributable to the leased premises, shall be sold by Lessee to an intrastate market for refining or processing in the State of Louisiana if such market is available within a reasonable period of time, as more fully set out herein below; or in lieu of obtaining a new intrastate market, Lessee may deliver such minerals under its existing intrastate contracts to be refined or processed in the State or to take the minerals for its own intrastate refining or processing. If Lessee does not elect to deliver such minerals under existing intrastate contracts or to take such minerals for its own intrastate uses, then for a period of ninety (90) days from the date of such production Lessee agrees to make a diligent and good faith effort to obtain an intrastate market for such minerals that will cause them to be refined or processed in the State of Louisiana, and, if such a market can be obtained, to enter into a contract for the sale of such minerals to an intrastate market upon the best terms that can be negotiated, but on terms customary in the industry for such contracts. In no event, however, shall Lessee be required to sell such minerals to an intrastate market at a price less favorable than that which could be negotiated for a sale of the minerals to an interstate market and in no event shall Lessor's royalty be based on less than the current market value of the minerals. If at the end of the ninety (90) day period Lessee has not been able to sell such minerals to an intrastate market in accordance with the provisions hereof, Lessee shall be free to market such minerals to any purchaser whether intrastate or interstate in character. If the minerals are taken by Lessee for its own use or are delivered under an existing intrastate contract and royalty is due thereon, such royalty shall be based on the current market value of the minerals when so used or delivered."
- (b) If either sulphur or potash is produced in paying quantities from the leased premises or on lands pooled or unitized therewith, the same provisions of paragraph 5(a) shall be applicable except that the royalty to be paid Lessor shall be that fixed in Paragraph 6 (e) and (f), respectively, of the lease.
- (c) If the ninety (90) day period becomes operative, then it will be considered as a period during which Lessee is producing minerals from the premises in paying quantities, which production will have the same effect as actual production would have on the lease.

- (d) For the purpose of assessing the performance of Lessee of the obligations imposed by this Paragraph 5, the disclosure provisions of Paragraph 1(g) of this rider shall be applicable.
- (e) The waiver provisions of Paragraph 1(a) of this rider shall be applicable to the terms and conditions contained in this Paragraph 5.

BE IT FURTHER RESOLVED, that the staff is directed to notify industry of this change, and incorporate its provisions for use at the February 13, 1974 lease sale and thereafter.

CERTIFICATE

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

  
Secretary, State Mineral Board

GOVERNOR EDWIN EDWARDS  
 EX-OFFICIO CHAIRMAN  
 ANDREW A. MARTIN  
 CHAIRMAN  
 WILLIAM C. HULS  
 VICE-CHAIRMAN  
 JOSEPH E. BERRIGAN, JR.  
 W. CHAPMAN, III  
 CHARLES M. GARBER  
 JEROME S. GLAZER  
 LUKE E. GREZAFFI, JR.  
 DANIEL GUILLORY  
 JOHN M. HOWARD



L. D. JONES  
 J. E. JUMONVILLE  
 ARTHUR I. LEVY  
 JACK McCLANAHAN  
 LYNN A. MEADOWS  
 REVIS G. SIRMON  
 H. D. WEST  
 JAMES E. WILLIAMS  
 C. J. BONNECARRERE  
 SECRETARY

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

IMPORTANT NOTICE

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

FROM: LOUISIANA STATE MINERAL BOARD

DATE: JULY 30, 1975

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

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

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

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

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

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

Adopted: October 17, 1957

~~SECRET~~  
~~CONFIDENTIAL~~

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

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

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

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 8th day of *December* 1944 pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

Secretary, State Mineral Board

## RESOLUTION

ON MOTION of Ms. Surprenant, seconded by Mr. Caldwell, the Louisiana State Mineral Board adopted the following resolution:

WHEREAS, certain lessees of the State of Louisiana have requested a clarification of the Louisiana State Mineral Board's policy, presently and historically, with respect to a deduction of cost of transporting gas from the well to an off-lease sales delivery point:

BE IT RESOLVED that:

- (1) The 1942 State Lease Form provides in part as follows: Should sulphur, potash, oil, gas and/or other liquid hydrocarbon mineral be produced in paying quantities on the premises hereunder, then the said lessee shall deliver to lessor as royalty, free of expenses: \_\_\_\_\_ of all gas produced and saved or utilized, delivery of said gas to be understood as made when same has been received by the first purchaser thereof. Or lessee may, in lieu of said gas delivery, and at its option, pay to lessor sums equal to the value thereof at the well, provided no gathering or other charges are made chargeable to lessor; provided further that the price paid lessor for said gas shall not be less than the average price then current for gas of like character or quality delivered to the pipe line purchaser in that field.

- (2) Where the lessee sells gas at the well in arm's length transactions, the policy of the Mineral Board with respect to the quoted lease royalty provision is presently, and historically has been, to accept such sales as evidence of "value thereof at the well" and no deduction is allowed for transportation beyond the lease, or for "gathering or other charges."

- (3) However, where gas is sold by the lessee in an arm's length transaction at a delivery point away from the lease, the policy of the Mineral Board with respect to the quoted lease royalty provision is presently, and historically has been, to take transportation costs (but not "gathering or other charges") into account in determining value at the well. In practice, gross sales proceeds of arm's length transactions at the sales delivery point less reasonable transportation costs are generally accepted by the Board as a correct determination of value at the well for royalty payment purposes.

- (4) Where gas is not sold by the lessee in an arm's length transaction, and prices at a point away from the lease are referred to for evidence of value, the policy of the Mineral Board with respect to the quoted lease royalty provision is presently, and historically has been, to take transportation costs (but not "gathering or other charges") into account in determining value at the well. In practice, prices at gas market centers less reasonable transportation costs are generally accepted by the Board as a correct determination of value at the well for royalty payment purposes.

## CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board in the City of Baton Rouge, Louisiana, on the 13th day of December, 2000, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

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

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

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

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

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

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

### CERTIFICATE

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

  
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LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

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

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

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

CERTIFICATE

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

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Secretary, State Mineral Board

RESOLUTION

On motion of Ms. Boles, seconded by Mrs. Stroud,  
the following Resolution was offered and adopted:

WHEREAS, it has come to the attention of the State Mineral Board that certain lessees of the State have renegotiated their gas purchase contracts or have collected sums pursuant to said contracts in lieu of the purchasers' obligation to take quantities of gas; and

WHEREAS, the State's royalty share of the gas subject to said gas purchase contract is equally affected by said transactions, both as to price received and as to the volume of gas sold and transported pursuant to the gas contract; and

WHEREAS, it appears that in some cases the State's lessees have neither notified the State of such renegotiations, settlements, or collection of sums due under those contracts nor paid the State's royalty share; and

WHEREAS, it is the State Mineral Board's intention that all sums collected or attributable to gas contracts which affect state royalty gas should be paid to the State along with other royalties due;

NOW THEREFORE, BE IT RESOLVED, that the state's lessees be and hereby are directed to report to the state any transaction which may reduce either the quantity or price of state royalty gas sold pursuant to any gas contract.

BE IT FURTHER RESOLVED, that the state's lessees be and hereby are directed to pay to the state as royalty its proportionate share of any and all payments made pursuant to any such gas contract, or renegotiation, compromise or settlement thereof; and

BE IT FURTHER RESOLVED, that the staff be and hereby is directed to make every effort to identify and collect all such royalties due and owing as a result of previous gas contract settlements, renegotiations or collections of payments; and

BE IT FURTHER RESOLVED, that in the event any state lessee refuses to identify any such gas contract or settlement payment or to pay the state its royalty share, that the staff is directed to audit the royalties of said lessee based upon the original contract volumes and prices.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 9th, day of October, 1985, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

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Edward McRhen  
State Mineral Board

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

WHEREAS, the Policy Committee desired to reaffirm and to emphasize certain existing resolutions and policy statements pertaining to in-lieu royalty matters;

BE IT RESOLVED, that the policies expressed by the following resolutions and statements, adopted on the indicated dates, are considered by the Board to be in full force and effect, and to constitute the current policy in regard to in-lieu royalty:

BE IT RESOLVED, that the State Mineral Board in approving any amendment to a State Lease for the extension of lieu royalty payments shall provide language in its resolution to such effect that the extension shall not diminish or otherwise affect the lessee's obligation reasonably to develop the leased premises.

Adopted: September 20, 1962

BE IT RESOLVED, that the Board hereby adopt a policy that as to future amendments to leases on the 1948 lease form providing additional six (6) month periods the amendment will provide for a consideration to be paid in the amount equal to \$3.00 per acre for the number of acres then covered by the lease and in no event will the sum be less than \$200.00; other provisions of the lease to remain the same.

Adopted: January 16, 1964

BE IT RESOLVED that the State Mineral Board hereby adopts the following policy in connection with the qualifications of shut-in gas wells for the purpose of making lieu royalty payments. The industry is hereby advised that maintenance of state leases by lieu royalty payments on marginal shut-in gas wells is looked upon with disfavor by the Board.

BE IT FURTHER RESOLVED that the industry be advised that if, following a complete and thorough hearing before the Lieu Royalty Committee of the State Mineral Board on the question of the commerciability of a shut-in gas well, there remains a serious question as to the well's commerciability the question be resolved against its being a commercial well and any lieu royalty payments tendered on such well be refused.

BE IT FURTHER RESOLVED that this Resolution does not change the Board's policy regarding the submitting of all well test data pursuant to the Board's Revised Regulations for Verification of Commercial Productivity of Shut-in Gas Wells, and it is not intended to limit the amount and type of test data that may be required at the hearing concerning the qualification of a shut-in gas well.

Adopted: July 8, 1965

12/8/71  
~~Reaffirmed~~ 10/1/71

On motion of Mr. Jones, seconded by Mr. Fowler,

the following resolution was offered and adopted:

BE IT RESOLVED, that, in pursuance of the recommendations of the Policy Committee, the following policy innovations, changes or revisions are approved and shall constitute a part of the overall policy of the Board hereafter, unless and until altered or dispensed with.

1. The suspension of royalties shall hereafter require a statement in the resolution as to the specific reason or reasons for the request to suspend, and the approval of the request shall be conditioned upon the lessee or operator furnishing to the Board, full information as to the royalties presently suspended, if any, on the next and forthcoming SR-1 report, timely filed, and like information as to moneys or royalties accumulating, during the period of suspension, on the SR-1 reports, timely filed.

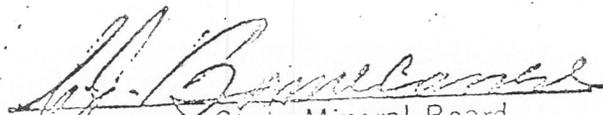
2. The approval by the State Mineral Board of division orders shall be served by the action of the Secretary or Assistant Secretary of the Board in signing such division orders after the correctness of same has been certified by the Director of the Audit Division or some member of his staff to be designated by the Director:

3. The "Regulations for the Verification of Commercial Productivity of Shut-in Gas Wells," dated January 15, 1971, be approved by the Board and copies of such amended or revised regulations be circulated to and among industry by use of the regular mailing list.

BE IT FURTHER RESOLVED, that such policy innovations, changes or revisions, now approved, be self-operating, no additional resolutions being necessary to place the same in effect.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 12th day of May 1971, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
Secretary, State Mineral Board

REGULATIONS FOR VERIFICATION OF  
COMMERCIAL PRODUCTIVITY OF SHUT-IN GAS WELLS

PREFACE

The State Mineral Board has determined that it is to the best interest of the State of Louisiana to require its lessees to furnish certain information to substantiate the commercial productivity of any shut-in well on which the lessee wishes to pay in-lieu royalties.

The Chairman has appointed an In-Lieu Royalty Committee to establish the requirements as to the geological and engineering data to be submitted to the Staff and guidelines for the purpose of aiding the Staff in determining whether a shut-in well can be considered capable of producing gas in commercial quantities.

In order to obtain the data necessary to make a reasonable determination the Committee has proposed the following regulations. It is not the policy or the intent of the State Mineral Board to impose undue burden on its lessees or upon operators of State leases by the promulgation of these regulations for verification of the commercial productivity of shut-in gas wells. The regulations herein set forth are, therefore, subject to such flexibility as each case may warrant. It is understood that the varying conditions of each operation and each well will necessarily dictate the action taken by the Committee and the Board in all such matters connected with the verification of the commercial productivity of shut-in wells. It is believed by the Committee and the Board that the regulations will facilitate the administration of State leases, without undue burden to the lessees and operators.

In promulgating these regulations, the Board wishes to reveal its view regarding the purpose and intent of the shut-in clauses of the leases being administered by the Board. The shut-in clause is an equitable provision inserted in the State's leases, as in those granted by private landowners, to permit a lessee to maintain a lease during and after the primary term for the period necessary to obtain a market for the reserves represented by a shut-in well or wells. While the lease forms in use by the State are express in granting a right to maintain a lease by shut-in payments, the Board wishes to observe that exercise of the lessee's right to make such payments is subject to the corresponding obligation of each lessee exercising that right to exercise the diligence of a reasonable, prudent operator to secure a market for the reserves involved. The shut-in clause does not, in the Board's view, grant to a lessee the unqualified right to maintain a lease absent (1) reserves which a reasonable, prudent operator would seek to market and would have reasonable expectation of marketing and (2) the diligent efforts of a reasonable, prudent operator to obtain a market. Thus, neither the maintenance of a lease by making payments on a marginal well for which there is no reasonable expectation of obtaining a market nor maintenance of a lease by making payments on marketable reserves without due diligence in seeking a market is viewed as proper under any of the existing lease forms.

I. Conference with In-Lieu Royalty Committee.

- A. 1. All data presented before the Committee are for the use of the Board only.
2. The failure or delay of the Committee or Board to take any action or perform any function with respect to the lieu royalty payment submitted to the Register of the State Land Office will not affect the timeliness of it, but the timeliness thereof shall be determined as of the time such payment is made or tendered to the Register. The Committee and Board specifically reserve the right to determine whether a well, on which the payment is tendered, is capable of producing in paying quantities.

NOTE: A request for an extension of the royalty payments beyond the six periods involves an amendment to the lease and must be approved by the Board prior to the end of the current period.

In order to maintain the lease in force, the payment also must be tendered before the expiration of the current period.

3. A conference is mandatory where applying for an extension beyond the sixth period.
- B. In the event a conference with the Committee is required by these regulations or if the lessee or his operator desires a conference with the Committee a meeting will be called and the lessee or operator will be notified of the time and place of the meeting.

II. Submission of Data

All data as hereinafter set forth must be submitted to the Staff of the State Mineral Board upon tender of initial lieu royalty payment or upon a request for an extension of the six periods on any shut-in gas well, and shall be accompanied by a notarized affidavit by the operator or his agent as to its validity.

A. Initial payment.

1. Data required will be submitted forty-five days prior to the date that the lieu royalty payment is due.
2. The period for which the payment is effective must be shown. Sufficient information must be given to substantiate the selection of the first date of the period, for example, if a well on private acreage is unitized with state acreage, then the effective date of the unit agreement or the conservation order will be necessary.

B. Extensions beyond six periods.

1. Data must be submitted to the committee no later than sixty days prior

to commencement date of the proposed additional payment period.

III. Data required for initial payments.

A. Plat showing leased premises and surrounding area with all wells spotted thereon. If the well is a unit well, then the unit outline should be shown.

B. Initial Payments - Well Completed, Capable of Production.

1. Basic well data.

- a. Total depth
- b. Plugged back total depth
- c. Perforated interval
- d. Net productive sand, top and base, or water level
- e. Electrical survey (1" and 5")
- f. Porosity log is mandatory; side-wall cores, conventional cores, and analysis required, if obtained.
- g. Any other logs or well surveys run on the well will be required.

h. Completed copies of Department of Conservation well history and well completion forms.

NOTE: Gamma Ray survey, if run, should be included where formation water salinities seriously affect self-potential curve. A caliper survey should be run with porosity log where possible.

2. Bottom-hole Pressure Data

Wells should be tested for period necessary to produce cumulative 2,000 MCF gas; however, for low capacity wells, a test period of 48 hours will be considered sufficient.

- a. Initial shut-in bottom hole pressure.
- b. Flowing pressure data, unless deemed too hazardous by the operator.
- c. Minimum build-up in bottom hole pressure for at least 8 hours immediately following the test period. In the case of low permeability reservoirs additional build-up time may be required.
- d. After build-up make two bomb stops, at 100 feet and 200 feet off bottom, or greatest depth to which bomb was run.
- e. State Mineral Board should be furnished with a copy of BHSP chart or charts and all pressure readings, including pressure-time build-up readings and bottom hole temperature.

NOTE: In abnormally high-pressured wells where a kill-string or other mechanical obstructions have been installed or in wells equipped with internally coated tubing, the above bottom-hole pressure requirements may be waived.

## 3. Production Data

- a. Hours well flowed and gas produced during clean-up period prior to test.
- b. Initial shut-in tubing pressure and hours S.I.
- c. Initial and maximum flowing tubing pressure.
- d. Tubing pressure recorder chart is required and must be sufficiently annotated to explain all changes in test conditions.
- e. Final flowing tubing pressure and total time of flow period.
- f. Final shut-in tubing pressure and duration of shut-in time.
- g. Cumulative gas produced during total test period.
- h. Cumulative condensate produced during total test period.
- i. Cumulative water produced during total test period.
- j. A.P.I. gravity @ 60°F.
- k. Choke size or sizes, including daily rate and time of flow period on each choke.
- l. Size of production string or DST string, also type and setting depth of any downhole choke or regulator.
- m. Gas test meter charts.
- n. Gas and liquid analyses, if obtained.

## 4. Drill Stem Test Procedure and Data.

- a. Well data same as (1) above.
- b. Bottom hole pressure data as in (2) above, except gradient data.
- c. Production data as in (3) above.
- d. Additional required data:
  - 1) Mud weight, feet of water cushion and salinity (or nitrogen pressure and cubic feet), bottom hole choke, and complete copy of DST Service Company report.

- e. Should the application for initial lieu royalty status be rejected on the basis of the data submitted, the applicant may arrange to retest the well, under conditions mutually agreed upon, such retest to be witnessed by a member of the Board's staff.

## IV. Data required for extensions beyond six periods or old wells.

- A. All data as required under "Initial Payments" will be required for Extension requests, unless data has been previously submitted. Any new data or information not previously submitted or requested, or obtained when the well was originally completed, will be required with the request for the extension.
- B. As to old wells, it is recognized that some of the foregoing regulations may be too burdensome. Therefore, if an initial lieu royalty request is

made, or an extension requested, on a well completed prior to the adoption of these regulations, all available required data must be submitted to the State Mineral Board and the Lieu Royalty Committee will decide if data submitted is sufficient for purpose intended.

C. When applying for extension a resume of negotiations for gas contracts will be required in addition to the above.

V. Exceptions to submission of required data.

A. Special cases where extreme danger would be imposed in securing the requested data.

B. When applying for extensions, resubmission of data is not necessary for determination of the continuing commercial productive status of the well in question.

C. Other possible exceptions are subject to the discretion of the Lieu Royalty Committee; e.g., where the initial payment is on a "tight hole" and the lessee or operator desires that the information be held confidential, he must present these data to the Staff at least ten days prior to the scheduled committee meeting and at his option may subsequently show all, or any portion, to the Committee. After the conference, lessee or operator will not be required to leave said data with the Staff or Committee. Subject data must be furnished Board when the information is no longer confidential, or has been furnished to a non-participating party.

1/25/71

GEOLOGICAL & ENGINEERING DATA REQUIRED  
FOR RESERVOIR-WIDE UNITIZATION PROJECTS

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To establish uniform guidelines among the companies who submit unitization projects to the Louisiana State Mineral Board for approval, the Geological and Engineering Division has set out a list of required information which we feel is necessary in evaluating these projects for approval by the Board. The attached list of required data is based on information needed in regard to the most complex volumetric reservoirwide unitization project. Therefore, it is requested that the required data list be used as a guideline in selecting the pertinent data in respect to the particular unitization project which you are submitting.

The Staff of the State Mineral Board may have previously received the 1" electrical surveys on wells pertaining to a particular project, in which event this required data can be omitted. We will make a special request for such surveys which we feel will be necessary to evaluate a particular project.

It will be appreciated if you will distribute sufficient copies of this request to the persons who will be required to assemble this information.

We would appreciate your comments and suggestions.

- 1) Written resume of Unitization Project and reservoir development and production history.
  - 2) Electrical surveys on wells within reservoir.
  - 3) Electrical surveys on wells outside reservoir pertinent to establishing limits.
  - 4) Sections of 5-inch electric logs which depict sand or sands under study and adjacent shales, on all wells within area of interest. Log headings should be attached where no one-inch log has been furnished.
  - 5) Section of porosity log with heading and scales on same wells in (4) above.
  - 6) Other auxiliary surveys used to determine reservoir rock and fluid characteristics and/or fluid movement, e.g., a neutron life-time log.
- 116

- 7) Structural map on top of sand.
- 8) Structural map on base of sand.
- 9) Total sand isopach map.
- 10) Net sand isopach maps on oil and gas.
- 11) Fault plane map on limiting faults.
- 12) Basis of gas-oil and oil-water contacts.
- 13) Tabulation of cumulative production data by well --  
(Oil, Condensate, Gas and Water)
- 14) Reservoir Pressure Curve.
- 15) Reservoir rock and fluid characteristics.
  - a - Average reservoir porosity and permeability, upper and lower effective limits of these characteristics, together with complete core and/or sidewall sample analysis on a typical well.
  - b - PVT and gas analyses
  - c - Fluid viscosities, gravities and reservoir temperature
  - d - Water salinity
- 16) Participation of each separate tract.

8/11/71

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RESOLUTION

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

BE IT RESOLVED, that, in pursuance of the recommendations of the Policy Committee, the following policy innovations, changes or revisions are approved and shall constitute a part of the overall policy of the Board hereafter, unless and until altered or dispensed with.

1. The suspension of royalties shall hereafter require a statement in the resolution and in any applicable letter agreements as to the specific reason or reasons for the request to suspend, and the approval of the request shall be conditioned upon the lessee or operator furnishing to the Board, full information as to the royalties presently suspended, if any, on the next and forthcoming SR-1 report, timely filed, and like information as to moneys or royalties accumulating, during the period of suspension, on the SR-1 reports, timely filed. Failure to furnish such information shall result in the revocation of the authority to suspend such royalties.
2. The approval by the State Mineral Board of division orders shall be served by the action of the Secretary or Assistant Secretary of the Board in signing such division orders after the correctness of same has been certified by the Director of the Audit Division or some member of his staff to be designated by the Director.
3. The "Regulations for the Verification of Commercial Productivity of Shut-in Gas Wells," dated January 15, 1971, be approved by the Board and copies of such amended or revised regulations be circulated to and among industry by use of the regular mailing list.

BE IT FURTHER RESOLVED, that such policy innovations, changes or revisions, now approved, be self-operating, no additional resolutions being necessary to place the same in effect.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 12th day of April, 1972, pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

12. MR. Jarrell

RESOLUTION

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

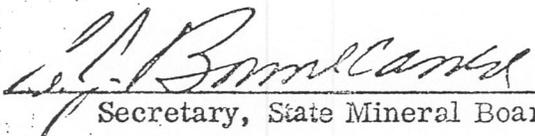
WHEREAS, it has been brought to the attention of the Royalty Accounting Committee that royalties attributable to the State in some instances amount to one dollar (\$1) or less per month on certain individual properties; and

WHEREAS, the Royalty Accounting Committee deems it advisable to authorize the Audit Division at its discretion, to allow the payors of such royalty to accrue such royalty and file Form SR-1 entitled "Monthly Report of Minerals Subject to State Royalties" quarterly instead of monthly as is presently required,

THEREFORE BE IT RESOLVED, that in the instances where the royalties attributable to the State amount to one dollar (\$1) or less per month on an individual property, the State Mineral Board does hereby authorize the Audit Division, now and in the future, at its discretion, to allow the payors of such royalty to accrue such royalty and file Form SR-1 quarterly.

## CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 12th day of April, 1972, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
Secretary, State Mineral Board

RESOLUTION

55b

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

WHEREAS, the State Mineral Board has by prior resolutions dated November 21, 1963, and June 11, 1969, previously authorized the Audit Division to prepare and implement revisions to Form SR-1 entitled "Monthly Report of Minerals Subject to State Royalties;" and

WHEREAS, it has been ascertained that said Form SR-1 may need further revision at the present time due to the major coding changes proposed by the Department of Conservation, and may need further additions and/or revisions in the future in order to enable a reasonable office verification of royalties tendered; under the new system; and

WHEREAS, the Royalty Accounting Committee recommends and approves further revision of Form SR-1 as necessary, and

WHEREAS, the Royalty Accounting Committee, in the interest of conserving both time and effort in the future, deems it advisable that the Audit Division be authorized to make necessary additions and/or revisions in said Form SR-1 in the future if and when circumstances demand that such additions and/or revisions be made, without the necessity of further resolutions of the State Mineral Board,

THEREFORE BE IT RESOLVED, that the State Mineral Board authorize the Audit Division to make additions and/or revisions to the Form SR-1 now and in the future as such additions and/or revisions are needed and to authorize the use of such revised forms;

BE IT FURTHER RESOLVED, that the Audit Division be authorized and directed now and in the future, as necessary, to prepare instructions as to the filing of these forms and to prepare such additions and/or revisions as may be needed now and in the future to obtain all needed information, and to place them in use;

BE IT FURTHER RESOLVED, that the Audit Division be authorized to make future additions and/or revisions of said Form SR-1 and the instructions for filing these forms without the necessity of further resolutions of the State Mineral Board authorizing such additions and/or revisions.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral Board held in the City of Baton Rouge, Louisiana, on the 12th day of April, 1972, pursuant to due notice, at which meeting a quorum was present and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

*L. J. Bismarck*

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

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

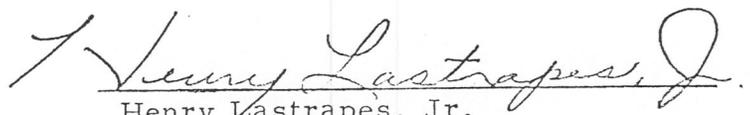
1. Paragraph 4 (b) has been changed simply to eliminate the two references to "products" and substitute the word "minerals" consistently with other references in the same paragraph and with other references in the lease.
2. The first sentence of Paragraph 5 has been changed to exclude as exceptions to offset applicability other lands owned by Lessor or in which Lessor has an interest, but continue the exception as to unitized acreage.
3. The first sentence of Paragraph 6 has been changed to clarify and consolidate in the lease form the Lessor's option to take its royalties in kind which has formerly appeared as a brief, typed addition at this point in the lease and in other detail in the related rider.
4. The first sentence of Paragraph 6 (d) has been changed to add after the word "quantities" in the second line the words "which fact has been duly verified and confirmed in accordance with Lessor's requirements for proof thereof" because of the increasing number of tenders of shut-in gas well payments without prior proof of well capability necessary to invoke the provision for lease maintenance.
5. Paragraph 6 (i) has been changed to provide for payment of royalty under the lease on production occurring prior to the date of the lease but nevertheless deemed to be covered by and allocable to the lease; to eliminate the attempted enumerations purporting to excuse royalty payments within said period due in part to the relaxation of the cancellation remedy previously available to the Lessor for nonpayment of royalties within rather short time periods; and to provide for royalty payments under penalty of the remedies provided by R.S. 137-142 in the Louisiana Mineral Code.
6. Paragraph 11 has been changed to clarify and consolidate in the lease the Lessee's disclosure obligations as formerly provided by both Paragraph 11 of the lease and by the related lease rider.

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

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

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

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

  
Henry Lastrapes, Jr.  
For the Staff

NON-CONTIGUOUS TRACTS (Agency leases)

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

Adopted: 1953

Secretary, General Board

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

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

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

Adopted: August 6, 1964

WHEREAS, the State Mineral Board receives bids on portions of advertised tracts for lease, many of which bids conflict and overlap, and,

WHEREAS, when two or more bids on portions of an advertised tract are received, the Board must plat out from the descriptions contained therein each portion bid, in order to determine whether or not such conflicts and overlaps exist, and,

WHEREAS, such platting is time-consuming and unnecessarily delays the award to the successful bidder or bidders, and is an inconvenience to both the Board and the representatives of the bidders attendant at Board meetings,

NOW THEREFORE, on order to expedite procedure at regular Board meetings,

BE IT RESOLVED, that the industry's cooperation with the Board is invited, and its representatives are requested to accompany all bids on a portion of an advertised tract with an overlay transparency plat, delineating the portion bid on, on a scale of 1 inch equals 4,000 feet.

Adopted: August 12, 1965

RESOLUTION

On motion of Mr. [Signature]  
seconded by Mr. [Signature], the following  
Resolution was offered and adopted:

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

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

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

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

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

CERTIFICATE

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

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RESOLUTION

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

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

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

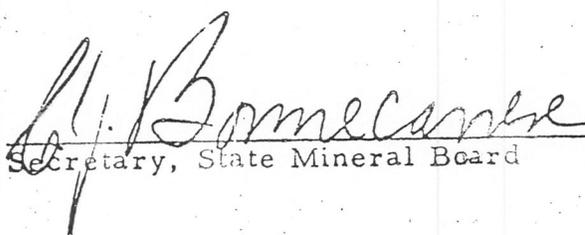
WHEREAS, in order to expedite the submission of reasonably accurate information to the industry in a minimum period of time;

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

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

CERTIFICATE

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

  
Secretary, State Mineral Board

RESOLUTION

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

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

CERTIFICATE

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

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

A. J. Borne  
Secretary, State Mineral Board

RESOLUTION

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

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

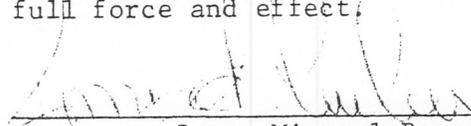
WHEREAS, more recently the Board has approved several operating proposals under exceptional and unique situations involving unleased unit tracts deemed to be non-competitive, tracts of questionable title status and involving inadvertent forfeiture of producible leases, all deemed necessary to effect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

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

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

CERTIFICATE

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

  
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State Mineral Board