

EXCLUSIVE GEOPHYSICAL AGREEMENT # 3

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

WHEREAS, under the provisions of Sub-Part A of Chapter 2 and Chapter 3, Title 30 of the Louisiana Revised Statutes of 1950, as amended, and other applicable law (together the "Appropriate Law"), the State Mineral Board of the State of Louisiana (the "Board"), acting as the duly authorized agent for the State of Louisiana (the "State"), has determined that it will enter into exclusive geophysical agreements on a public bid basis in order to have 3D or other more advanced forms of geological or geophysical surveys ("Advanced Seismic") conducted on lands and waterbottoms owned by the State, to obtain for itself, as confidential material, access to the data resulting from said advanced seismic activity, and to promote, as a result thereof, the mineral leasing of said State lands and waterbottoms; and

WHEREAS, pursuant to the appropriate law, the Board has advertised for bids for an exclusive geophysical agreement _____ covering the property set forth more particularly herein below; and

WHEREAS, in response to the required advertisements, bids were received and duly opened in the City of Baton Rouge, Parish of East Baton Rouge, State of Louisiana on the ____day of _____, _____, at a meeting of the Board; and

WHEREAS, by resolution duly adopted, the Board accepted the bid of _____

whose mailing address is _____

(the "Grantee") as being the most advantageous to the State:

NOW, THEREFORE, be it known and remembered that the Board, acting under authority of the appropriate laws for and on behalf of the State, as Grantor, does hereby grant, convey and otherwise transfer to Grantee the exclusive rights, subject to the specified duties and obligations and for the definite term herein below set forth, to conduct 3D and other more advanced forms of geophysical or geological survey on State-owned lands and waterbottoms including, without limitation, non-severed lands, accreted lands, dried-lake lands, vacant lands and all other lands owned by the State (the "Property"), located within the following described area, in the Parish of _____, State of Louisiana; all more particularly described as follows, to-wit:

ARTICLE 1. FEE, ROYALTY, BONUS AND RENTAL PAYMENTS

(a) Grantee has this day paid to Grantor in the sum of _____

(\$ _____) Dollars (the " Seismic Fee"), payable by either cashier's check, certified check or bank money order, to the order of the Office of Mineral Resources ("OMR"), acting on behalf of Grantor. The sum paid by Grantee together with the obligation to conduct a 3D seismic survey and other more advanced seismic surveys on the Property, as well as additional benefits and advantages that shall accrue to the Grantor pursuant to the terms and conditions hereinafter set forth, are accepted and acknowledged to be full and adequate consideration for every right granted hereunder.

(b) When exclusive selection of lease acreage is made as provided for hereinafter and

mineral lease(s) entered into by and between Grantor (as Lessor) on Grantor's mineral lease form and Grantee (as Lessee), the royalty to be paid as reflected in said lease(s) shall be _____ (____%) percent and the bonus/rental in said lease(s) shall reflect the payment of the sum of _____ (\$ _____) Dollars per acre.

ARTICLE 2. TERM

(a) This agreement shall be for a term of eighteen (18) months from the Effective Date, or until 12:00 p.m. on _____, _____ (the "Initial Term").

(b) This agreement shall terminate at the end of the Initial Term unless Grantee, on or before the expiration of that period shall pay or tender to the Grantor the sum of _____ ((\$ _____) Dollars (the "Additional Fee") which shall not be less than one-half (1/2) of the Seismic Fee and which shall extend for six (6) months, or until 12:00 p.m. on _____, _____ (the "Option Term"), the time within which the Grantee's rights and obligations must be commenced. Payment or tender of the Additional Fee may be made in the same manner as the Seismic Fee.

ARTICLE 3. GRANTEE OPERATIONS

(a) The Grantee shall conduct within the area described herein above a 3D geophysical seismic operation wherein the grid pattern of receiver stations (geophones) and shooting locations (sources of energy) will encompass substantially all of the tract described above which shall yield to the extent possible full fold coverage on as much of said tract as is possible. The acquisition phase of Grantee's seismic operation shall be completed within the Initial Term or the Option Term if exercised. Failure to so complete the acquisition timely shall subject Grantee to the Liquidated Damages set forth in Article 8.

ARTICLE 4. RULES GOVERNING

Grantee's exercise of rights granted hereunder shall be subject to and governed by the Rules and Regulations promulgated by the Department of Wildlife and Fisheries under the authority of Louisiana Revised Statute 30:214 for the protection of oysters, fish and wildlife insofar as the geological or geophysical surveying activity permitted herein occurs in any waterbottom the title to which is in the public trust.

ARTICLE 5. PRE-EXISTING RIGHTS

Grantee's rights hereunder shall not cover and shall be subject to existing, valid oil and gas leases or other agreements for oil and gas development (such as operating agreements or exclusive geophysical agreements) whose effective date predates the Effective Date of this agreement ("Prior Agreements"). Grantee must deal with said prior lessees or contractees separately and apart from this agreement. Should any said Prior Agreements terminate as to all depths, either fully or partially, before the end of the Initial Term, or the Option Term, if activated, Grantee shall have the right to conduct 3D geophysical operations on said acreage of the terminated Prior Agreements subject to the following: (i) if Grantee has already entered into an agreement with the Prior Agreement party before termination and paid for the right to conduct geophysical surveying across the acreage subject to the Prior Agreement, Grantee shall not be required to pay Grantor any further fee to conduct geophysical surveying on said acreage once the Prior Agreement has terminated, either totally or in part, but (ii) if Grantee has not entered into an agreement with the Prior Agreement party, then Grantee shall pay Grantor an additional fee stipulated as the per acre Seismic Fee as set forth above in Article 1, multiplied by the number of terminated acres of the Prior Agreement.

Additionally, there shall exist a buffer zone of one-half (1/2) mile around each pre-existing mineral lease or operating agreement, or portion thereof, within the geographical area covered by this Agreement. The grantee shall have the right, concurrent with, but separate from the right of each such preexisting mineral Lessee, during the Initial Term, or the Option Term, if activated, to perform 3D or other more advanced forms of seismic shooting and acquisition within the buffer zone

and/or to nominate acreage within the buffer zone for mineral leasing, by public bid, which leasing nomination shall be subject to the size restrictions set by the Board.

ARTICLE 6. GRANTOR RIGHTS TO DATA

In conformity with the provisions of La. R.S. 30:213, all data collected under this permit pertaining to State owned lands and/or water bottoms, including fully processed and migrated data, shall be made available to the Office of Mineral Resources for review, either at a workstation with the help of a technician provided by Permittee or at the Office of Mineral Resources, at Grantor's option, within a reasonable time of acquisition or completion thereof. If Grantee reprocesses the seismic data acquired under this Agreement over the Property within five (5) years of the date of the end of the Agreement Period, Grantee shall, no later than thirty (30) days from completion of the reprocessing, inform OMR of the availability of the reprocessed data. The reprocessed data shall be made available to the Office of Mineral Resources for review, either at a workstation with the help of a technician provided by Permittee or at the Office of Mineral Resources, at Grantor's option. It shall be the responsibility of the Grantee to keep OMR informed, and in a timely manner, of all phases of ongoing operations, including the commencement and completion of data acquisition, processing, reprocessing and other schedules of activities affecting the final processed seismic data. Failure to provide OMR with information, and in the manner, as set forth herein shall place Grantee in default under the terms of this contract and Grantee shall be liable to the Board for and shall pay the Liquidated Damages provided in Article 8. Except for this document, including other associated documents and the accompanying plat, all information, maps, plats, and other data provided to the State Mineral Board hereunder shall be confidential and an exception to the provisions of public records laws and shall not be released to any other agency or entity absent a valid court order from a court of competent jurisdiction or absent written permission from the owner of the data.

ARTICLE 7. EXCLUSIVITY AND LEASING RIGHTS

(a) During the term of this Agreement, or the Option Period, if activated, the Board will not consider for leasing any nominations, nor grant any seismic permits, nor enter into any other geophysical agreements containing any acreage, the geographical description of which falls, in whole or in part, within the geographical boundaries of the property which is the subject of this Agreement.

(b) Grantee shall have the exclusive right, prior to the end of the Initial Term, or the Option Term if activated, to select, for mineral leases, a portion of the total number of acres reflected as State-owned lands and waterbottoms not to exceed fifteen hundred (1500) acres each or one-third in aggregate of the entire acreage within the geographical area covered by this Agreement, and enter into oil, gas and other liquid or gaseous mineral leases with the State through the Board using the current State mineral lease form. The leases, if selected by Grantee, shall not be for a primary term to exceed three (3) years. The bonus/rental payment and royalty percentage to be paid Lessor shall reflect the bonus/ rental and royalty as bid and set forth herein above in this Agreement. Additionally, no selection of acreage by the Grantee will be issued to the Grantee until OMR has had the opportunity to review the 3D seismic data set, as described under Article 6.

(c) Grantee, in addition to the rights and limitations set forth in Item (a) above, has the mandatory obligation to select a minimum of -0- acres and enter into a lease(s) with the State through the Board using the current standard State mineral lease form reflecting the per acre bonus/rental and royalty percentage as bid and set forth herein above as additional consideration for the per acre Seismic Fee set forth in this agreement.

(d) Grantee/Lessee may exercise its option to acquire leases hereunder by notifying the Board of its election in writing and enclose a property description for each lease in a form which includes the descriptive criteria required in the current guidelines for acquiring a mineral lease on state lands and water bottoms. The notice and description shall also specify the extent of the State-owned lands and waterbottoms within the delineated boundary, based upon Grantee's/Lessee's careful estimation of such State-owned lands and waterbottoms. With each notice, Grantee/Lessee shall submit a certified check, cashier's check or bank money order payable to the OMR in the full

amount of the cash payment for each lease (determined as specified below, and based upon the extent of the State-owned lands and waterbottoms estimated by Grantee/Lessee to be covered by each Lease), together with a separate check also payable to the OMR, in an amount equal to ten (10%) percent of the cash payment required for each lease. Act 8 of the 2000 Second Extraordinary Legislative Session established two additional fees to be collected from mineral Lessees on all mineral leases awarded. An additional fee of \$15 per acre will be collected and deposited into the Louisiana Wildlife and Fisheries Conservation Fund. An additional fee of \$5 per acre will be collected and deposited into the Oil and Gas Regulatory Fund. The above fees may be submitted in a separate check in the amount of \$20 per acre accompanying each lease selection property description and plat and made payable to the Office of Mineral Resources. Grantee/Lessee may use a regular check for payment of the fees. The successful Grantee/Lessee will not receive the lease executed by the State Mineral Board until the fees are received. If Grantor/ Lessor disagrees concerning the extent of the State-owned lands and waterbottoms within the boundaries of the area to be covered by a lease, within fifteen (15) days from its receipt of the notice regarding that lease, Grantor/Lessor shall notify Grantee/Lessee in writing stating the extent of State-owned lands and waterbottoms it believes to be included within the lease boundaries selected by Grantee/Lessee. The parties then, acting in good faith, shall attempt to reconcile any differences within thirty (30) days from the date of Grantee's/Lessee's original notice regarding that lease. If such differences are amicably resolved, within forty-five (45) days from the date of Grantee's/Lessee's original notice regarding that lease a reconciliation of payment shall be made with either the payment of additional cash bonus/rental by Grantee/Lessee to cover additional acreage agreed upon or the refund by Grantor/Lessor for excessive cash bonus/rental paid which exceeds the acreage agreed upon. If the parties are unable to amicably resolve differences concerning the extent of State-owned lands and waterbottoms to be covered by any lease within sixty (60) days from the date of Grantee's/Lessee's original notice regarding that lease, Grantee/Lessee may either withdraw its notices of lease election, with Grantor/Lessor refunding all sums submitted with the selection, or Grantee/Lessee shall accept Grantor's/Lessor's good faith estimate of the acreage content of State-owned lands and waterbottoms to be covered by the lease and make such supplemental payments as necessary.

(e) Promptly after receipt of each notice that Grantee/Lessee has exercised its option to acquire a mineral lease, with appropriate payments included, the Board will prepare (by inserting the appropriate terms and provisions regarding the primary term, initial cash payment, annual delay rentals and royalties determined as specified above), execute and deliver to Grantee/Lessee in triplicate originals, a mineral lease covering the property included in the area specified in Grantee's/Lessee's notice. Each lease shall be dated effective as of the date of the Grantee's/Lessee's notice of its election to acquire same. Within twenty (20) days from its receipt of each lease Grantee/Lessee shall execute and return to the Board two (2) fully executed copies of each lease.

(f) Grantee's/Lessee's exclusive right to acquire leases hereunder shall not apply to acreage already covered by a preexisting valid mineral lease, unless, prior to the termination of the Initial Term, or the Option Term if activated, said preexisting valid mineral leases terminate according to their terms, in which case Grantee/Lessee may select for lease such terminated acreage as above set forth, provided that the effective date of the selected lease on such terminated acreage shall be the date a release of the terminated acreage is secured and no payment shall be due until such release is secured. If Grantor/Lessor is, for any reason, despite diligent effort, unable to secure a release, either from the parties, by affidavit or by judicial decree, the terminated acreage shall not be subject to selection for lease by Grantee/Lessee.

ARTICLE 8. LIQUIDATED DAMAGES

Failure of Grantee to secure the full and complete acquisition of data under the 3D or other more advanced geophysical and geological program contemplated herein covering the entirety of the geographical area within the boundaries of the area covered by this agreement; or the failure to allow access to seismic data as set forth in Article 6.; shall be construed as an active default of this contract and Grantee shall be liable to the Board, as Liquidated Damages, and in addition to the specific obligations of Grantee under this agreement, for a monetary amount equal to the Seismic Fee for this Agreement; which amount shall be payable in full within thirty (30) days of the occurrence of the default. The payment of this Liquidated Damages shall in no way negate the obligations of Grantee nor the right of Grantor to secure any of the benefits provided under the terms

of this Agreement. Should litigation become necessary to enforce the terms of this agreement, Grantee shall be liable for all court costs and attorney fees incurred by Grantor.

ARTICLE 9. INDEMNITY

Grantee agrees to indemnify, hold harmless and defend Grantor against any and all claims, demands, or suits for bodily injury, death, property damage or loss of any kind by Grantee or Grantee's employees, agents, subcontractors and their employees or agents and by any third parties which arise out of or result from or which are in any way connected with Grantee's operations, whether resulting from the sole or concurrent negligence of Grantor, Grantee or other parties operating under this agreement.

ARTICLE 10. FORCE MAJEURE

If at any time during the term of this agreement, Grantee/Lessee is prevented, through no fault of its own and despite diligent effort to so perform, from commencing, continuing or resuming any of the activities necessary in order to conduct its geophysical and geological survey on any portions of the areas covered by this agreement by a storm, flood or any other such natural disaster, or by an accident beyond Grantee's control, or by any governmental law, order, rule, regulation, or ordinance, and if Grantee cannot by reason of any such occurrence perform the duties and obligations under the terms of this agreement in acquiring, processing and providing 3D geophysical and geological survey data, this agreement shall be extended by an amount of time, on a day-for-day basis, equal to the amount of time during which Grantee was so prevented from performing the duties and obligations specified, for a period not to exceed one (1) additional year beyond the Initial Term, or Optional Term if activated, of this agreement. Should the occurrence prevent Grantee from performing its duties and obligations as specified for a period exceeding one (1) year beyond the Initial Term, or Optional Term if activated, then Grantee shall be released from any obligations and penalties attached to this agreement, and shall have no further rights to perform under this contract, less and except, however, Grantee shall forfeit to Grantor the Seismic Fee paid which shall become the property of Grantor. Nothing herein shall be construed to extend the amount of time within which Grantee/Lessee may be required to perform duties and obligations specified in other agreements or contracts.

ARTICLE 11. MISCELLANEOUS

(a) Notwithstanding any provisions to the contrary in this agreement or in any mineral lease granted pursuant to this agreement, this agreement is granted and accepted without any warranty of title and without any recourse against Grantor/Lessor whatsoever, either expressed or implied. It is expressly agreed that Grantor/Lessor shall not be required to return any payments received under the terms of this agreement or any mineral lease granted pursuant to this agreement, or be otherwise responsible to Grantee/Lessee for any such payments.

(b) Except to the extent that Grantee/Lessee may have exercised its option to acquire mineral leases under this agreement, the rights and options of Grantee/Lessee herein shall terminate at the end of the Initial Term, or Option Term if activated, without notice, demand or putting in default, and Grantee/Lessee shall promptly thereafter execute and deliver a recordable release of its rights under this agreement, but such release shall not affect the rights and interests of Grantee/Lessee as to any mineral leases acquired pursuant to the terms of this agreement. Within ninety (90) days after expiration or termination by its own terms of this Exclusive Geophysical Agreement (EGA) or any portion thereof, either during or after the primary term hereof, Grantee/Lessee shall execute and record an appropriate release evidencing such expiration or termination, and shall also supply Grantor/Lessor with a copy or copies thereof properly certified by the recorder or recorders of the parts or parishes in which the premises are located. In the event Grantee/Lessee fails to timely comply therewith, Grantee/Lessee shall be liable for reasonable attorney fees and court costs incurred in bringing suit for such cancellation, and for all damages resulting therefrom. It is agreed, however, that damages to be paid by Grantee/Lessee to Grantor/Lessor shall be One Hundred Dollars (\$100.00) per day for each day of non-compliance after expiration of said ninety (90) day period, regardless of whether suit is filed for cancellation, and for such additional compensatory damages as Grantor/Lessor may prove. Grantee/Lessee

hereby waives any further notice of default or otherwise and confesses judgement as regards the liquidated damages accruing as herein set forth.

(c) The rights, duties, or obligations of Grantee/Lessee under this agreement, except under any mineral leases acquired pursuant to this agreement, shall not be assignable or transferrable, in whole or in part.

(d) In all suits arising under this agreement, the parties agree that Louisiana law shall govern, and that the State courts of Louisiana shall be the proper forum, and that, to the extent possible under Louisiana law, proper venue shall be the Parish of East Baton Rouge, unless suit is required to be filed or is removed to any federal court in this State.

THUS DONE, READ, ACCEPTED AND SIGNED by the parties in the presence of the respective undersigned witnesses, as of the ____ day of _____, _____ (the "Effective Date").

Revised 05/01/2007