

LOUISIANA

DEPARTMENT of NATURAL RESOURCES OFFICE OF MINERAL RESOURCES RULES FOR GEOPHYSICAL AND GEOLOGICAL SURVEYS

§ Exclusive Geophysical Agreements

A. Exclusive geophysical agreements authorized under Title 30, Chapter 3, Sections 208 through 216 of the Louisiana Revised Statutes of 1950 may be obtained from the State Mineral Board (SMB), through the Office of Mineral Resources (OMR).

B. There are three types of Exclusive Geophysical Agreements (EGA) which may be secured from the OMR, namely: EGA Type I, EGA Type II, and EGA Type III.

The following shall apply to all EGA's secured hereunder.

1. A party desiring to apply for an EGA must first meet with the OMR staff to review the applicant's objectives. The purpose of this meeting with the OMR staff is so that the applicant can present the area of interest and the type of EGA being requested to the staff for review. The staff will determine if an EGA should be granted in the area of interest and will also decide under what special conditions, if any, the EGA should be considered. The applicant should present at this meeting an acceptable base map, such as a Tobin or USGS quadrangle with the proposed survey area outlined, with the description set forth in X/Y Lambert coordinates using State Plane Coordinate System / North American Datum 27, Louisiana North or South (SPCS/NAD 27, La. N. or S.). Active state leases boundaries should be clearly depicted with state lease numbers and acreage within the survey indicated. State lands and water bottoms should be clearly outlined, with acreage depicted as well. Property under the jurisdiction of the Wildlife and Fisheries Commission / Department of Wildlife and Fisheries (WFC/DWF) should also be depicted.

2. After the area of interest and the type of EGA has been presented to the OMR staff for review, the area will be evaluated in order to set the minimum terms. The interested party will then be provided with this information. If accepted by the party, then these minimums will be recommended to the SMB for its approval.

3. Upon SMB approval, the area to be covered by the exclusive geophysical agreement shall be nominated just as a lease. The applicant should then apply to the OMR Leasing Section to nominate the area for the designated monthly mineral lease sale. A nomination letter, including plat and legal description of the area, with an application fee of \$400.00 must be submitted according to the date schedule set by the OMR Leasing Section.

4. The nominated acreage will then be advertised on the same delay basis and in the same manner as lease nominations; which advertisement will state a property description of the geographical area over which the EGA is to be awarded, the type of EGA sought and the minimum per acre seismic fee acceptable to the SMB as a bid, and the day, date, time, place of the next State Mineral Lease Sale at which bids will be accepted.

5. The term of the EGA shall be 18 months with an option for an additional 6 months, which option period shall be granted only upon written request by the bid winner made prior to the end of the original 18 month term and upon payment to the Office of Mineral Resources in the manner set forth as acceptable herein above of a sum of money equal to one-half of the original total fee bid and paid for the seismic agreement.

6. EGA agreements are awarded by public bid.

7. The EGA awarded shall be subject to, and shall not supersede, any existing seismic permits, leases, or other agreements of any kind with the State of Louisiana in the nominated area at the time awarded, of which all parties are hereby deemed to have notice.

8. The staff of the OMR will be provided access to any and all geophysical or geological data including, but not limited to, 2-D, 3D seismic, gravity (air or surface), and magnetic (air or surface) acquired under the EGA, in a format acceptable to the OMR at the facilities of the entity conducting the seismic operations under the EGA or at facilities designated by the OMR, during all phases of the seismic operations.

9. The EGA shall be available for the purpose of conducting geophysical or geological surveys of any kind for the term and area specified in the permit. In the case of 3D seismic, all EGA's require full fold 3D coverage over the entirety of the nominated state acreage to the fullest extent possible.

10. It shall be the responsibility of the Grantee to keep OMR informed, in a timely manner, of all phases of ongoing operations, including the commencement and completion of data acquisition, processing, reprocessing, and other schedules of activity affecting the final processed seismic data.

11. Should any said Prior Agreement terminate as to all depths, either fully or partially, before the end of the primary

term, or the option term, grantee shall have the right to conduct 3D geophysical operations on said acreage of the terminated Prior Agreement subject to the following: (1) 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 Prior Agreement has terminated, either totally or in part, but (2) 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 at the rate bid for in the EGA.

C. In addition to the above, the following shall apply to the Exclusive Geophysical Agreement (EGA) Type I:

1. The SMB shall not grant any new seismic agreements or permits in the nominated area during the primary term of the EGA, or the option term if activated, but does reserve the right to accept nominations for and grant new mineral leases within the nominated area of the exclusive geophysical agreement. Any new mineral leases granted within the nominated area of the EGA during its primary term, or option term if activated, shall be subject to the rights granted under the EGA and the grantee shall not be required to deal with the state mineral Lessee in order to conduct seismic operations over the new lease acreage.

D. In addition to B. 1-11 above, the following shall apply to the Exclusive Geophysical Agreement (EGA) Type II.

1. The SMB shall not grant any new seismic agreements or permits, or any new leases in the EGA area from the time it is nominated, during the primary term of the EGA, or the option term if activated. However, a buffer zone of one-half (1/2) mile will be established around existing leases or Operating Agreements within the area of the EGA. Only the grantee of the EGA and lessee of any existing lease or Operating Agreement shall have the right, concurrent with, but separate from the right of the other, to nominate acreage for a state mineral lease within that buffer zone during the primary term of the EGA, or the option term if activated. The leases may then go up for public bid at the regular monthly state mineral lease sale.

2. The EGA grantee only shall have the right to nominate acreage within the EGA area for a state mineral lease during the primary term of the EGA, or the option term if activated, except as to the buffer zone around existing leases, which lease nominations shall not exceed 1500 acres each and shall not in aggregate amount exceed one-third of the entire acreage of the EGA, unless agreed to by the SMB.

E. In addition to B. 1-11 above, the following shall apply to the Exclusive Geophysical Agreement (EGA) Type III.

1. The State will not grant any new seismic permits or agreements on, or lease the nominated acreage, or any part thereof, during the primary term of the EGA, or the option term if activated, except that a buffer zone of one-half (1/2) mile will be established around existing leases or Operating Agreements within the nominated area of the EGA. Only the grantee of the EGA and lessee of the existing lease or Operating Agreement shall have the right, concurrent with, but separate from the right of the other, to nominate acreage for a state mineral lease within that buffer zone during the primary term of the EGA, or the option term if activated. The leases may then go up for public bid at the regular monthly state mineral lease sale.

2. The EGA III grantee shall have the exclusive right, within the primary term of the EGA, or the option term if activated, to select for mineral leases tracts within the EGA area, not to exceed 1500 acres each or one-third (1/3) in the aggregate of the entire State acreage within the nominated EGA area unless agreed to by the SMB.

3. The grantee of an EGA III shall have the exclusive right to enter into lease agreement with the State on each tract for the consideration originally bid and under the terms of the Louisiana State Lease Form, Revised 1981, as amended. Each selection made, thereby creating a state lease, will incur, in addition to the per acre bonus and royalty as advertised and bid during the acquisition of the EGA, a ten percent (10%) administrative fee. Also, a fifteen dollars (\$15.00) per acre fee shall be collected from the mineral lessees and deposited into the Louisiana Wildlife and Fisheries Conservation Fund, as well as, an additional five dollars (\$5.00) per acre fee shall be collected from the mineral lessees and deposited into the Oil and Gas Regulatory Fund.

F. The State Mineral Board, through the Office of Mineral Resources, agrees, except for the information included in a seismic permit to hold all information, maps, data of any and all kinds provided to the state under R.S. 30:213 or as a result of the terms of the exclusive geophysical agreements confidential and same shall not be available for view or use except by

certain members of the staff of the Office of Mineral Resources in connection with the administration of state owned lands and water bottoms, and the state mineral leases thereon unless ordered by a court of proper jurisdiction to do so, or with the granted written permission of, and under the strict limitations imposed by, the owner having authority to license said data. Said information shall be kept under lock and key, except during the course of actual examination by the staff of the Office of Mineral Resources. Any violation of these requirements is hereby declared cause for peremptory removal from office or discharge from employment in addition to the penalties provided under R.S. 30:213.